

THE FIRST MAZOOON FUND

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2011

Registered office and principal place of business:
Post Box 974,
Postal Code 112, Ruwi
Sultanate of Oman

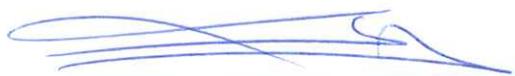
THE FIRST MAZOOON FUND
Unaudited Financial Statements
For the period ended 30 June 2011

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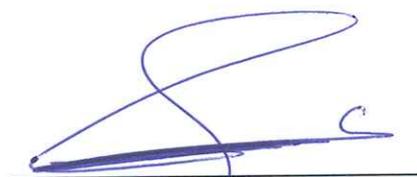
UNAUDITED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Note	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
NET ASSETS				
Assets				
Investments at fair value through profit or loss	8	3,983,454	3,829,960	4,301,984
Cash and cash equivalents	9	283,943	200,418	397,159
Due from brokers		10,800	-	5,483
Other receivables		4,231	10,802	1,488
Total assets		4,282,428	4,041,180	4,706,114
Liabilities				
Amounts due to related parties	12	55,684	29,751	45,287
Accruals and other payables		9,018	13,370	8,823
Total liabilities		64,702	43,121	54,110
Net assets		4,217,726	3,998,059	4,652,004
Equity				
Unit Capital	2	4,482,221	4,203,742	4,201,352
Retained earnings	2	(264,495)	(205,683)	450,652
Total equity		4,217,726	3,998,059	4,652,004
Number of units in issue		4,482,221	4,203,742	4,201,352
Net asset value per unit	4	0.941	0.951	1.107

These financial statements were approved and authorized for issue by the Directors on 26/7/2011 and signed on their behalf by:



Chairman of the Board



Member of the Board

The attached notes 1 to 26 form part of these financial statements.

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the Period ended 30 June 2011

	Note	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
INCOME				
Dividend income		142,889	159,446	180,677
Interest income		-	-	-
Net realized gain on investments at fair value through profit or loss		(48,062)	70,610	114,975
Net changes in fair value of investments at fair value through profit or loss		(320,533)	(260,390)	401,153
Other net changes in fair value of investments at fair value through profit or loss		(2,484)	(2,805)	(12,668)
		-----	-----	-----
Total investment income		(228,190)	(33,139)	684,137
		-----	-----	-----
EXPENSES				
Management fee	11	(30,032)	(29,791)	(60,210)
Custodian fee	11	(3,058)	(5,807)	(10,432)
Investors' Committee Members' fee	12	(21,377)	(18,209)	(17,900)
Performance fee	12, 21	-	-	(16,023)
General and administration	13	(13,229)	(12,553)	(23,079)
		-----	-----	-----
Total expenses		(67,696)	(66,360)	(127,644)
		-----	-----	-----
Total comprehensive Loss for the Period		(295,886)	(99,499)	556,493
		=====	=====	=====
Basic earnings per unit	16	(0.069)	(0.025)	0.136
		=====	=====	=====

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS
for the Period ended 30 June 2011

	Note	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
CASH FLOWS FROM OPERATING ACTIVITIES				
Total comprehensive income for the period		(295,886)	(99,499)	556,493
Adjustments for:				
Net realized gain on investments at fair value through profit or loss	9	48,062	(70,610)	(114,975)
Net changes in fair value of investments at fair value through profit or loss		320,533	260,390	(401,153)
		-----	-----	-----
		72,709	90,281	40,365
<i>Net changes in other assets and liabilities:</i>				
Increase in due from brokers and other receivables		(8,060)	36,690	40,521
Increase in due to related parties and other payables		10,592	(53,870)	(42,881)
Purchase of trading securities		(2,499,115)	(2,263,077)	(3,654,896)
Proceeds from sale of trading securities	9	2,449,050	2,444,149	4,069,852
		-----	-----	-----
Net cash from/(used in) operating activities		25,176	254,173	452,961
		-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES				
Redemption of units		(521,808)	(16,745)	(82,072)
Subscription of units		589,109	59,904	123,184
Cash dividend paid		(205,693)	(180,308)	(180,308)
		-----	-----	-----
Net cash used in financing activities		(138,392)	(137,149)	(139,196)
		-----	-----	-----
Net change in cash and cash equivalents during the period		(113,216)	117,024	313,765
Cash and cash equivalents at the beginning of the year		397,159	83,394	83,394
		-----	-----	-----
Cash and cash equivalents at the end of the period	9	283,943	200,418	397,159
		=====	=====	=====

The attached notes 1 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the Period ended 30 June 2011

	Note	Unit Capital RO	Retained earnings RO	Total equity RO
Balance at 01-01-2011		4,201,352	450,652	4,652,004
Loss for the Period		-	(295,886)	(295,886)
Units redeemed during the period	14	(528,699)	6,891	(521,808)
Units subscribed during the period	14	603,875	(17,766)	589,109
Cash dividend	20	-	(205,693)	(205,693)
Stock dividend	20	205,693	(205,693)	-
		-----	-----	-----
Balance at 30-06-2011		4,482,221	(264,495)	4,217,726
		=====	=====	=====
Balance at 01 January 2010		3,619,961	614,746	4,234,707
Profit for the period		-	(99,499)	(99,499)
Units redeemed during the period	14	(14,128)	(2,617)	(16,745)
Units subscribed during the period	14	56,984	2,920	59,904
Cash dividend	20	-	(180,308)	(180,308)
Stock dividend	20	540,925	(540,925)	-
		-----	-----	-----
Balance at 30-06-2010		4,203,742	(205,683)	3,998,059
		=====	=====	=====

The attached notes 1 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
for the Period ended 30 June 2011****1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

The First Mazoon Fund ("the Fund") is an open-ended fund registered and incorporated in the Sultanate of Oman on 3 May 1997 in accordance with the regulations issued by the Capital Market Authority ("CMA"). The primary objective of the Fund is to achieve capital appreciation through a diversified portfolio of equity investments through the Muscat Securities Market, the GCC market and MENA region, and the governmental and corporate bonds.

The day-to-day operations of the Fund are managed by the Investment Manager, Gulf Baader Capital Markets SAOC and the governance and control over the Fund is exercised by the Investors' Committee, which is responsible for formulating investment strategy, and the related guidelines adopted by the Fund. HSBC (ME) Limited and Shuaa Capital are the custodian of investments in Oman and GCC countries respectively.

The Fund's net asset value (and net asset value per unit) is determined on daily basis and the financial statements are prepared on the last valuation day of the period (see note 15).

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Capital Market Authority ("CMA") of the Sultanate of Oman.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the financial assets and liabilities at fair value through profit or loss.

Functional and presentation currency

These financial statements have been prepared in Rials Omani ("RO"), which is the functional and presentation currency of the Fund.

Changes in accounting policies

Amendments to IAS 32 Financial Instrument: Presentation and IAS 1 Presentation of Financial Statements - Puttable financial instruments and obligations arising on liquidation

The Fund has applied amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009) that provide exemptions from financial liability classification for puttable financial instruments that meet all conditions mentioned in paragraph 16A and 16B of IAS 32.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Changes in accounting policies (continued)**

As a result of adoption of the amendments to IAS 32, statement of changes in net assets attributable to unitholders has been replaced by statement of changes in equity.

Adoption of new and revised IFRSs

IFRS 9 'Financial Instruments': International Accounting Standard Board (IASB) has issued IFRS 9 Financial Instruments, which was published on 12 November 2009. The IASB has issued IFRS 9 as part of its comprehensive review of financial instruments accounting.

IFRS 9 deals with classification and measurement of financial assets only. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. A financial asset is measured at amortized cost if two criteria are met: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 removes the cost exemption for unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, but may be applied earlier.

On 28 October 2010, IASB reissued IFRS 9 Financial Instruments, incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities.

The Fund is in the process of evaluating the potential effect of this standard. The Investors' Committee is of the opinion that adoption of IFRS 9 will not cause a significant impact on the Fund's financial statements since the majority of the Fund's financial assets are designated at fair value through profit or loss, and has decided to adopt this standard from its applicable effective date.

Standards, amendments and interpretations effective on 1 January 2010 but not relevant to the Fund's operations

IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
IAS 39 (amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009);

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Adoption of new and revised IFRSs (continued)**

IFRS 1 (amendments), 'Additional exemptions for first-time adopters' (effective from 1 January 2010);

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010);

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009);

IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009);

IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009).

Standards, amendments and interpretations those are not yet effective and not relevant for the Fund's operations

Amendments to IFRS 1, 'Limited Exemptions from Comparative IFRS 7 disclosures for first-time adopters' (effective from 29 January 2010);

Amendments to IFRS 7, 'Disclosures-Transfer of financial assets' (effective from 1 July 2011);

IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011);

IAS 32 (amendments), 'Classification of right issues' (effective from 1 February 2010);

IFRIC 14 (amendments), 'Prepayment of a minimum funding requirement' (effective from 1 July 2011);

IFRIC 19 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010).

'Improvements to IFRS' under annual improvement program were issued in April 2009 and May 2010 respectively and contain numerous amendments to IFRS, which the IASB consider non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2010 and 1 January 2011 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

Statement of accounting policies**a) Income**

Income mainly comprises dividend income and interest income.

Dividend income from investments at fair value through profit or loss is recognized in the statement of comprehensive income when the Fund's right to receive the payment is established.

Interest income is recognized on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities (bonds) at fair value though profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Statement of accounting policies (continued)

b) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its investments in equity and debt securities as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and those designated by Investors' Committee at fair value through profit or loss at inception.

(ii) Recognition, derecognizing and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

(iii) Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund is the close price.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the financial asset and settle the financial liability simultaneously.

c) Due from and due to brokers

Amounts due from and due to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered at the end of the reporting period respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Statement of accounting policies (continued)**

These amounts are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

d) Receivables

Receivables originated by the Fund are initially measured at fair value and subsequently measured at amortized cost. An allowance for credit losses for receivables is established when there is objective evidence that the Fund will not be able to collect the amounts due. When a receivable is uncollectible, it is written off against the allowance account for credit losses. The carrying value of receivables approximate to their fair value due to the short-term nature of those receivables.

e) Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is an objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts, if any, are shown in liabilities in the statement of financial position.

g) Payables and accruals

Payables and accrued expenses are recognized initially at fair value and subsequently stated at amortized cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011**2 SIGNIFICANT ACCOUNTING POLICIES (continued)****Statement of accounting policies (continued)****h) Taxation**

Under the current income tax laws of the Sultanate of Oman, there is no income tax, capital gains tax or other taxes payable by the Fund.

i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the end of the reporting period.

Foreign exchange gains or losses relating to the financial assets (and liabilities) carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value of financial assets (and financial liabilities) at fair value through profit or loss'.

Foreign exchange gains or losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'other net changes in fair value of financial assets (and financial liabilities) at fair value through profit or loss'. 'net foreign currency gains or losses on cash and cash equivalents'.

j) Redeemable participating units

The Fund issues redeemable participating units which are redeemable at the holder's option and have identical rights. These units are classified as equity. Redeemable participating units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value attributable to that redeemable participating unit.

Redeemable participating units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated with respect to a particular valuation day by dividing its net assets with the total number of outstanding redeemable participating units.

k) Estimates and judgments

The preparation of the financial statements in conformity with IFRS requires Investors' Committee to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

3 PERFORMANCE DATA

	Average annual total return %	Growth of an assumed investment of RO 10,000 (presented in RO)
6 Months ended 30 June 2011	(6.24)	9,376
3 years ended 30 June 2011	(9.87)	7,038
5 years ended 30 June 2011	10.23	15,116
169 months ended 30 June 2011	13.81	29,450
6 Months ended 30 June 2010	(2.49)	9,749
3 years ended 30 June 2010	8.51	10,849
5 years ended 30 June 2010	62.52	16,249
157 months ended 30 June 2010	169.80	26,975

The above information represents past performance and is no guarantee of future performance. The bases of performance data calculations are set out in note 23.

4 NET ASSET VALUE (NAV) PER UNIT

NAV per unit is calculated by dividing the net assets by the number of units in issue at the period-end as follows:

	30-06-2011	30-06-2010	31-12-2010
Net assets (in Rials Omani)	4,217,726 =====	3,998,059 =====	4,652,004 =====
Number of units in issue at the Period end	4,482,221 =====	4,203,742 =====	4,201,352 =====
NAV per unit (in Rials Omani)	0.941 =====	0.951 =====	1.107 =====

5 PER UNIT RATIOS

	30-06-2011 %	30-06-2010 %	31-12-2010 %
Simple return: (% of profit to opening NAV)	-6.24 =====	-2.49 =====	13.53 =====
Expense ratio: (% of expense to average NAV)	1.53 =====	1.61 =====	2.90 =====

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

5 PER UNIT RATIOS (continued)

	30-06-2011	30-06-2010	31-12-2010
Brokerage expense ratio: (Brokerage commissions to average NAV)	0.56 =====	0.31 =====	0.51 =====
Liability ratio: (% of liabilities to closing NAV)	1.5 =====	1.1 =====	1.20 =====
Portfolio turnover rate (in Rials Omani) (not annualized) (Securities traded to average NAV)	111.57 =====	110.07 =====	169.50 =====

The bases of per unit ratio calculations are set out in note 23.

6 PORTFOLIO HIGHLIGHTS

a) At the end of the reporting period, the ten largest single investment holdings are as follows:

At 30 June 2011	Number of shares	Fair value RO	Percentage of net assets
Saudi Basic Industries Corporation	40,000	424,295	10.06%
Bank Muscat SAOG	280,000	207,760	4.93%
Al Rajhi Bank	25,000	186,139	4.41%
National Bank of Kuwait - NBK	109,505	177,593	4.21%
National Bank of Oman	500,000	160,000	3.79%
Industries Qatar - IQCD	10,000	142,881	3.39%
Etihad Etisalat Co	25,000	133,875	3.17%
Samba Financial Group	25,000	127,493	3.02%
Yanbu National Petrochemical Co	20,000	96,486	2.29%
Saudi Arabia Fertilizers Co.	5,000	96,384	2.29%
		1,752,905	41.56%
		=====	=====
At 30 June 2010	Number of share	Fair value RO	Percentage of net assets
Bank Muscat	400,000	316,400	7.92%
Saudi Basic Industries Corporation	35,000	306,109	7.66%
Oman Cement Company	350,000	241,150	6.03%
Renaissance Services	310,000	226,300	5.66%
National Bank of Oman	700,000	225,400	5.64%
Oman Telecommunication	150,000	173,400	4.34%
Industries Qatar	15,000	152,625	3.82%
Etihad Etisalat Company	25,000	122,138	3.06%
Al Rajhi Bank	15,000	115,126	2.88%
Bank Sohar	500,000	104,000	2.60%
		1,938,848	49.59%
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

6 PORTFOLIO HIGHLIGHTS (continued)

b) The five largest purchases (by value) of investments by the Fund during the period were as follows:

30-06-2011	Number of shares	Cost RO
Saudi Basic Industries Corporation	50,000	532,186
Samba Financial Group	25,000	148,113
Emaar Properties	400,000	142,986
Nawras	150,000	109,787
Dana Gas	1,500,000	109,226
	Number of shares	Cost RO
30-06-2010		
Saudi Basic Industries Corporation	55,000	548,931
SIPCHEM-Saudi	60,000	138,862
Industries Qatar	11,000	130,037
National Bank of Oman	300,000	101,700
Arabtech Holding	350,000	96,508

c) The five largest sales (by value) of investments by the Fund during the period were as follows:

30-06-2011	Number of shares	Proceeds RO
Saudi Basic Industries Corporation	45,000	486,164
Renaissance Services	175,000	204,275
SIPCHEM	62,500	137,867
Industries Qatar	7,000	97,079
National Bank of Kuwait	50,000	96,413
	Number of shares	Proceeds RO
30-06-2010		
Saudi Basic Industries Corporation	50,000	464,162
Bank Muscat Conv. Bond-7%	150,000	147,011
Oman Telecommunication	100,000	135,262
Bank Muscat	150,000	130,081
Galfar	204,740	102,119

7 NET ASSET VALUE (NAV) PER UNIT RECONCILIATION

	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
NAV per unit at the beginning of the year	1.107	1.170	1.170
Investment income (dividend and interest)	0.032	0.038	0.043
Net changes in fair value of investments at fair value through profit or loss	(0.082)	(0.045)	0.123

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

7 NET ASSET VALUE (NAV) PER UNIT RECONCILIATION (continued)

	30-06-2011 R.O	30-06-2010 R.O	31-12-2010 R.O
Management and other expenses	(0.015)	(0.016)	(0.030)
Cash dividend	(0.050)	(0.050)	(0.050)
Effect of bonus units	(0.050)	(0.150)	(0.150)
Gain/(Loss) on redemption of units	(0.001)	0.004	0.001
	-----	-----	-----
NAV per unit at the period-end	0.941	0.951	1.107
	=====	=====	=====
Brokerage commission	0.006	0.003	0.005
	=====	=====	=====

8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

a) Investments are analyzed as follows:

	30-06-2011 Fair value RO	30-06-2011 Cost RO	30-06-2010 Fair value RO	30-06-2010 Cost RO
Quoted local investments:				
Banking	486,792	553,642	645,800	606,280
Investment	10,684	13,818	18,200	20,605
Services	221,214	262,798	703,709	759,464
Industrial	57,124	65,125	357,239	386,228
Bonds	-	-	-	-
	-----	-----	-----	-----
	775,814	895,383	1,724,948	1,772,577
	-----	-----	-----	-----
Quoted foreign investments				
Banking	773,125	863,223	501,450	485,632
Investment	56,261	62,163	44,885	64,685
Services	982,470	1,093,454	563,926	629,081
Industrial	1,395,785	1,389,628	994,752	1,138,395
	-----	-----	-----	-----
	3,207,640	3,408,468	2,105,012	2,317,793
	-----	-----	-----	-----
	3,983,454	4,303,851	3,829,960	4,090,370
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

b) Summarized sector wise total of investments as a percentage of net assets are as follows:

Sector	Percentage of net assets of the Fund	
	30-06-2011	30-06-2010
Banking	29.87%	28.70%
Investment	1.59%	1.58%
Services	28.54%	31.70%
Industrial	34.45%	33.82%
Bonds	-	-
	-----	-----
	94.45%	95.80%
	-----	-----

c) Investments are also analyzed based on their geographical locations as follows:

Geographical locations	30-06-2011	30-06-2011	30-06-2010	30-06-2010
	Fair value RO	Cost RO	Fair value RO	Cost RO
Oman	775,814	895,383	1,724,948	1,772,577
Saudi Arabia	1,783,407	1,848,199	1,110,211	1,209,513
Qatar	684,332	710,023	617,821	641,076
Kuwait	465,935	555,284	215,549	246,847
United Arab Emirates	273,967	294,962	161,431	220,357
	-----	-----	-----	-----
	3,983,454	4,303,851	3,829,960	4,090,370
	-----	-----	-----	-----

d) Summarized geographical segment wise total of investments as a percentage of net assets are as follows:

Geographical locations	Percentage of net assets of the Fund		
	30-06-2011	30-06-2010	31-12-2010
Oman	18.39%	43.14%	28.82%
Saudi Arabia	42.28%	27.77%	32.39%
Qatar	16.23%	15.45%	14.28%
Kuwait	11.05%	5.39%	12.36%
United Arab Emirates	6.50%	4.04%	4.93%
	-----	-----	-----
	94.45%	95.80%	92.78%
	-----	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

8 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- e) Details of the Fund's significant holdings exceeding 5% of the fair value of its investment portfolio at the end of the reporting period are as follows:

30-06-2011	Percentage of Portfolio	Fair value RO	Cost RO	Percentage of net assets
Saudi Basic Industries Corporation	10.65%	424,295	430,955	10.06%
Bank Muscat SAOG	5.22%	207,760	228,512	4.93%
		-----	-----	
		632,055	659,467	
		=====	=====	
30-06-2010	Percentage of portfolio %	Fair value RO	Cost RO	Percentage of net assets
Bank Muscat	8.26%	316,400	263,680	7.92%
Saudi Basic Industries Corporation	7.99%	306,109	336,753	7.66%
Oman Cement	6.30%	241,150	261,800	6.03%
Renaissance	5.91%	226,300	235,435	5.66%
National Bank of Oman	5.89%	225,400	230,100	5.64%
		-----	-----	
		1,315,359	1,327,768	
		=====	=====	

- f) During the year 2003, the Investors' Committee resolved to operate trust accounts with the Investment Manager. The shares in these accounts are registered in the name of the Investment Manager and are traded on the MSM. The carrying value of these investments at the end of the reporting period amounted to RO 32,944 (30-06-2010: RO 90,939).
- g) During the year 2004, the Investors' Committee resolved to operate a portfolio management account with Shuaa Capital PSC. The shares in these accounts are registered in the name of Shuaa Capital PSC as a non-discretionary portfolio and are traded on GCC's securities trading markets. The carrying value of these investments at 30-06-2011 amounted to RO 3,408,468 (30-06-2010: RO 2,104,995).
- h) At the end of the reporting period, none of the Fund's investments holding represents 10% or more of the respective issuer's share capital (30-06-2010 - Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

9 CASH AND CASH EQUIVALENTS

	30-06-2011	30-06-2010
	RO	RO
HSBC (Middle East) Limited	139,530	80,641
Cash with Shuaa Capital PSC	143,942	119,292
Bank Muscat SAOG	471	485
	-----	-----
	283,943	200,418
	=====	=====

As at 30-06-2010, net realized gain on investments had been netted off with proceeds from sale of trading securities, which has been grossed up and shown separately in the statement of cash flows.

10 TAXATION

In accordance with Royal Decrees 54 and 55 of 2003, amending certain provisions of the income tax laws, investment funds incorporated in the Sultanate of Oman are exempt from tax with effect from 1 January 2003. Accordingly, the Fund has not made any provision for tax for the year ended 30-06-2011 (30-06-2010: Nil).

The Fund's tax assessments have been finalized by the Secretariat General for Taxation for the years ended up to 31 December 2002.

11 MANAGEMENT AND CUSTODIAN FEE

Gulf Baader Capital Markets SAOC acts as the investment manager to the Fund (also read note 1) and earns a management fee. HSBC Bank (Middle East) Limited Oman and Shuaa Capital PSC have been appointed as custodians to the Fund.

A management fee of RO 30,032 (30-06-2010: RO 29,791) at 1.40% per annum of the net assets value of the Fund (30-06-2010: 1.40% per annum) was payable to the Investment manager for the period. A custodian fee of RO 3,058 (30-06-2010: RO 5,807) at the rates between 0.175% and 0.30% per annum of the total portfolio of investments held (30-06-2010: between 0.175% and 0.45% per annum) was payable to the custodians of the Fund for the period.

These fees are calculated on a daily basis on the net asset value of the Fund in accordance with the terms and conditions agreed with the Investment Manager and the Custodians and approved by the Investors' Committee and are payable on quarterly basis.

12 RELATED PARTY TRANSACTIONS

The Fund has entered into transactions in the ordinary course of business with the unitholders, the Members of the Investors' Committee and entities in which certain Members of the Investors' Committee or the Investment Manager has an interest. These transactions are entered into on terms and conditions, approved by the Investors' Committee.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the Period ended 30 June 2011

12 RELATED PARTY TRANSACTIONS (continued)

a) The nature of significant related party transactions and the amounts are as follows:

	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
<i>Gulf Baader Capital Markets SAOC:</i>			
Management fees	30,032	29,791	60,210
Performance fees	-	-	16,023
Brokerage commission	3,851	5,834	10,543
Investors' Committee Members' fees	21,377	18,209	17,900
Ex-gratia to Investment Manager	-	-	3,000
Purchases of trading securities	245,500	407,611	785,681
Sale of trading securities	717,288	1,158,115	2,149,618
Units redeemed	-	-	-
Units subscribed	-	473 units	-

b) The amounts due to related parties are repayable on demand and not subject to interest (30-06-2010: similar terms and conditions).

c) The Period-end balances arising from the related party transactions are as follows:

	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
<i>Gulf Baader Capital Markets SAOC:</i>			
Management fees	14,675	15,042	15,864
Performance fees	-	-	16,023
Payable for purchase of Securities	25,304	-	-
Investors' Committee Members' fees	14,877	14,709	10,400
Ex-gratia to Investment Manager	-	-	3,000
Other Expenses	828	-	-
	-----	-----	-----
	55,684	29,751	45,287
	=====	=====	=====

13 GENERAL AND ADMINISTRATION

	30-06-2011 RO	30-06-2010 RO	31-12-2010 RO
Insurance	2,597	3,251	6,294
Bank charges	384	824	657
Legal and professional fees	595	595	1,600
Other expenses	9,653	7,883	14,528
	-----	-----	-----
	13,229	12,553	23,079
	=====	=====	=====

14 UNIT CAPITAL

a) The following unitholders own approximately 10% or more of the Fund's units:

	Holding (%)	30-06-2011 Units Owned	Holding (%)	30-06-2010 Units Owned
Gulf Investment Services Holding Company SAOG	38.82%	1,740,112	27.53%	1,157,256
Export Credit Guarantee Agency of Oman SAOC	9.73%	436,269	9.88%	415,495
Public Authority for Social Insurance	9.46%	424,030	9.61%	403,839

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

14 UNIT CAPITAL

- b) During the period 603,875 units were purchased at a value of RO 589,109 (30-06-2010: 56,984 units at a value of RO 59,904) and 528,699 units were redeemed at a value of RO 521,808 (30-06-2010: 14,128 units at a value of RO 16,745).

15 FINANCIAL INSTRUMENTS

30-06-2011	Financial assets at fair value through profit or loss RO	Loans and receivables RO	Total RO
Assets:			
Investments	3,983,454	-	3,983,454
Cash and cash equivalents	-	283,943	283,943
Due from brokers	-	10,800	10,800
Other receivables	-	4,231	4,231
	-----	-----	-----
Total	3,983,454	298,974	4,282,428
	=====	=====	=====
Liabilities:			
Amounts due to related parties	-	55,684	55,684
Accruals and other payables	-	9,018	9,018
	-----	-----	-----
Total	-	64,702	64,702
	=====	=====	=====
30 06-2010	Financial Assets at Fair value through Profit & Loss	Loans & Receivable	Total
	R.O	R.O	R.O
Assets as per balance sheet			
Investment	3,829,960	-	3,829,960
Cash and cash equivalents	-	200,418	200,418
Due from Broker	-	-	-
Other receivables	-	10,802	10,802
	-----	-----	-----
Total	3,829,960	211,220	4,041,180
	=====	=====	=====
Liability as per balance sheet			
Accruals and other payables	-	13,370	13,370
Payable to Related party	-	29,751	29,751
	-----	-----	-----
Total	-	43,121	43,121
	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011**15 FINANCIAL INSTRUMENTS (continued)**

The Fund classifies fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making these measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: other measurements for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: measurements which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund's Article of Association restricts generally it to invest in other form of financial instruments (investments) other than exchange traded equity securities and bonds. At 30 June 2011, all the investments at fair value through profit or loss represents 'Level 1' (30 June 2010: Level 1) in terms of fair value hierarchy.

16 BASIC EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing total comprehensive income for the period RO (295,886) (30-06-2010: RO (99,499)) by the weighted average number of units 4,288,315 (30-06-2010: 4,087,952) in issue during the period.

17 LAST VALUATION DAY

The last valuation day of the Fund was 30 June 2011 (30-06-2010: 30 June 2010).

18 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including price or fair value risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. Main financial instruments of the Fund are its investments at fair value through profit or loss. All investments (exchange traded securities) present a risk of loss of capital. The maximum loss of capital on such exchange traded securities is limited to the fair value of those positions. Other financial instruments are cash and cash equivalents, due from broker, other receivables, due to related parties and accruals and other payables.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011**18 FINANCIAL RISK MANAGEMENT (continued)**

The Fund's overall risk management programme seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. Risk management is carried out by the Investment Manager under policies approved by the Investors' Committee and as set out in the Article of Association and Investment Management Agreement. The objective of risk management is to ensure that the Fund operates within the risk levels set and monitored by the Investors' Committee and the Investment Manager.

The risk levels are measured and monitored on a continuous basis and compliance with the prescribed risk levels are reported by the Investment Manager to the Investors' Committee on a quarterly basis.

The Investment Manager manages these exposures on an individual securities level. The Fund has specific limits on these instruments to manage the overall potential exposure.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below. Relevant quantitative disclosures are also included in these financial statements.

a) Market risk*Price risk*

The Fund trades in exchange traded securities which are susceptible to market price risk arising from uncertainties about future prices of those investment securities. The Fund's market price risk is managed through the daily monitoring of the Fund's overall market positions by the Investment Manager. The overall market position, trend and risk levels are reviewed by the Investors' Committee on a quarterly basis.

The Fund's investments are managed in a number of portfolios according to the techniques adopted by the Investment Manager which are consistent with the investment policies and restrictions stated in the Article of Association of the Fund and guidelines of the Investors' Committee.

The Fund's policy is to manage price risk through diversification and selection of securities and within specified limits (either individually or per category) specifically set by the Investors' Committee in conformity with overall policies and restrictions set under the Fund's Article of Association. The Fund has invested only in those securities which are actively traded on the stock exchanges of GCC countries including Oman. At 30-06-2011, investments at fair value through profit or loss represent 94.45% (30-06-2010: 95.80%) of total net assets and 93.02% (30-06-2010: 94.77%) of total assets of the Fund. The Fund's policy also limits investment in individual securities to no more than 10% of its net assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011**18 FINANCIAL RISK MANAGEMENT (continued)****a) Market risk (continued)***Price risk (continued)*

The Fund also manages its exposure to price risk by analyzing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the MSM and S&P GCC Index. The Fund's policy is to concentrate the investment portfolio in sectors where Investment Manager believes the Fund can maximize the returns derived for the level of risk to which the Fund is exposed. At 30 June 2011 the Fund has one security position exceeding 10% of its net assets.

The Fund's investments are publicly traded in the Muscat Securities Market and other GCC securities markets. The Fund's performance will vary depending on the market performance.

The Fund is benchmarked against MSM 30 Index and S&P GCC Index. The annualized volatility of the Fund is 19.9% (30-06-2010: 23.10%) as compared with 23.80% (31-03-2010: 28.4%) of MSM 30 Index and 25.1% (30.06-2010: 28.3%) of S&P GCC Index. Change by 1% in the MSM 30 Index or S&P GCC Index will result in change of net asset value of the Fund by 0.76% (30.06-2010: 0.72%) or 0.62% (30.06-2010: 0.57%) respectively. These stated techniques provide a yardstick to the Investment Manager to analyze the sensitivity of the Fund's investments and returns.

During 2010, the Investment Manager, after approval of Investors' committee, has changed comparative benchmark for GCC securities (other than Oman) to S&P GCC Index. Previously the MSCI GCC Index was used as a comparative benchmark.

Foreign currency risk

Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. The Fund invests in GCC securities markets and holds both monetary and non-monetary assets denominated in currencies other than the Rials Omani. The foreign exchange exposure relating to non-monetary assets and liabilities are taken as a component of market price risk not as foreign currency risk.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's monetary and non-monetary foreign exchange exposure on a daily basis, and the Investors' Committee reviews it on a quarterly basis.

At the reporting date the carrying value of the Fund's financial assets and liabilities held in individual foreign currencies were as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

18 FINANCIAL RISK MANAGEMENT (continued)

a) Market risk (continued)

Foreign currency risk (continued)

	30-06-2011		30-06-2010	
	Fair value local currency	Fair value RO	Fair value local currency	Fair value RO
Non-monetary assets:				
Investments at fair value through profit or loss denominated in:				
Kuwaiti Dinar (KWD)	333,267	465,935	163,865	215,549
Qatari Rial (QAR)	6,523,833	684,332	5,889,777	617,821
Saudi Rial (SAR)	17,483,740	1,783,407	10,885,060	1,110,211
UAE Dirham (AED)	2,629,000	273,967	1,549,100	161,431
.				
		30-06-2011		30-06-2010
	Fair value local currency	Fair value RO	Fair value local currency	Fair value RO
Monetary assets:				
Cash with Shuaa Capital denominated in:				
US Dollars (USD)	376,812	143,942	312,284	119,292

The Investors' Committee believes that there is no significant foreign currency risk as the GCC currencies (other than the Kuwaiti Dinar) are fixed against the US Dollar.

At 30-06-2011, had the exchange rates between Omani Rial and Kuwaiti Dinar increased or decreased by 50 basis points with all other variables held constant, this would have decreased or increased the net asset of the Fund by approximately $\pm 0.06\%$ (30-06-2010: $\pm 0.03\%$) respectively. This represents Investment Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regards to historical volatility of those rates.

Interest rate risk

At 30 June 2011, the Fund does not have direct exposure to interest rate changes on the valuation. However, the Fund may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies (i.e. Bank and other financial services companies) in which the Fund invests, these risks are being managed as part of market risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

18 FINANCIAL RISK MANAGEMENT (continued)

b) Liquidity risk

The Fund has a contractual obligation to redeem units to unitholders within 3 days. Historical experience indicates that these units are held by the unitholders on a medium or long-term basis. Based on management's estimate, maximum redemption levels are expected to be insignificant during a financial period.

The Fund has the ability to borrow in the short-term to ensure redemption. No such borrowings have been made during the period. The Fund can borrow upto RO 200,000 (30-06-2010: RO 200,000) from a commercial bank.

The Fund is exposed to daily cash redemptions of units. The units are redeemed on demand at the option of unitholders. To reduce the liquidity risk the Fund has made investments only in those exchange traded securities which are actively traded on the stock exchanges of GCC countries including Oman. Investments at fair value through profit or loss are representing 94.45% (30-06-2010: 95.80%) of total net assets and 93.02% (30-06-2010: 94.77%) of total assets of the Fund and are traded in active securities trading markets and can be readily realized into cash within 3 days or less. The table below analyses the Fund's financial liabilities as at the end of the reporting period based on the contractual maturity date. The amounts listed below show undiscounted amounts which are not different from their carrying amounts as all those amounts fall within three months from the end of the reporting period.

	Less than 1 month RO	Between 1-3 months RO	Total RO
30 June 2011			
Amounts due to related parties	55,684	-	55,684
Accruals and other payables	9,018	-	9,018
	-----	-----	-----
	64,702	-	64,702
	=====	=====	=====
30 June 2010			
Amounts due to related parties	29,751	-	29,751
Accruals and other payables	13,370	-	13,370
	-----	-----	-----
	43,121	-	43,121
	=====	=====	=====

c) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, balances due from brokers and cash and cash equivalents. For risk management reporting purposes the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011**18 FINANCIAL RISK MANAGEMENT (continued)****c) Credit risk (continued)**

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's Article of Association.

Credit risk is monitored on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Fund's credit risks are monitored on a quarterly basis by the Investors' Committee. Where the credit risks are not in accordance with the investment policy or guidelines of the Fund, the Investment Manager is obliged to rebalance the portfolio within 3 days of each determination that the portfolio is not in compliance with the stated investment parameters.

The Fund's maximum credit risk exposure at the end of the reporting period is represented by the respective carrying amounts of the financial assets in the statement of financial position.

Balances due from brokers

Balances due from brokers result from sale transactions awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. As at the reporting date 100% (30-06-2010: 100%) of the balance due from brokers is concentrated with one broker (30-06-2010: 1 brokers). The Investment Manager monitors the financial position of the brokers on a daily basis.

Cash and cash equivalents

The Fund's cash and cash equivalents are held mainly with HSBC Bank. The Investment Manager monitors the financial position of HSBC Bank on regular basis.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. The Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

19 CAPITAL MANAGEMENT

The redeemable capital of the Fund is represented by the net assets of the Fund. The amount of net assets can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

19 CAPITAL MANAGEMENT (continued)

The Fund's objectives when managing the redeemable capital is to enable the entity to continue as a going concern, so that it can continue to provide adequate returns to the unitholders. There are no externally imposed capital requirements binding on the Fund.

20 DIVIDEND PER UNIT

At the Annual General Meeting held on March 20, 2011 the Unit holders' approved a cash dividend of 5% and stock dividend of 5 % for the year 2010. (30-06-2010, Annual General Meeting held on March 7, 2010 the Unit holders' approved a cash dividend of 5% and stock dividend of 15 % for the year 2009).

21 PERFORMANCE FEE

No Performance fee for the period 30-06-2011 (30-06-2010 NIL) has been accrued to the Investment Manager, Gulf Baader Capital Markets SAOC. This performance fee is calculated as 10% on any profits achieved by the Investment Manager in excess of 10% net profit per annum after deduction of all applicable expenses excluding performance fee.

This performance fee is calculated on a daily basis on the net asset value of the Fund in accordance with the terms and conditions agreed by the Investment Manager with Investors' Committee and is payable on yearly basis.

22 PERCENTAGE CHANGES

	30-06-2011 Change %	30-06-2010 Change %
Realized gain/(loss) on investments	(168.07)	(67.51)
Dividend income	(10.38)	9.31
Net changes in fair value of investments	23.10	425.66
Operating expenses	2.01	(3.67)
Profit/(loss) from operations	197.38	126.58
Basic earnings/(loss) per unit	174.27	124.29
Total assets	5.97	4.18
Investments at fair value through profit or loss	4.01	13.82
Total liabilities	50.05	29.61
Net assets attributable to unit holders	5.49	3.96
Net asset value per outstanding unit (adjusted for dividends)	9.16	7.48

23 DEFINITION OF RATIOS

Net asset value (NAV)

Net Asset Value is calculated by subtracting the total liabilities from the total assets of the Fund. The NAV of one unit of the Fund is calculated by dividing the net asset value by the number of outstanding units.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

23 DEFINITION OF RATIOS (Continued)

Average annual total return

Average annual compounded rate of return has been calculated on the assumption that all dividends have been reinvested at the time they were distributed. Average annual total return is based on the net asset value at the time of purchase, and does not reflect payment of initial sales charges.

Expense ratio

Per unit, expenses during the period (interest expenses + all management and other expenses - except for brokerage commissions and mark-ups), divided by average NAV for the period.

Simple return

Calculated by dividing the per unit after tax profit for the period, by the NAV at the beginning of the period. Or, calculated by dividing the sum of per unit dividends and change in the net asset value during the period, by the NAV at the beginning of the period.

Brokerage expense ratio

Per unit, brokerage commissions and mark-ups during the period (brokerage commissions + mark-ups), divided by average NAV for the period.

Portfolio turnover rate

Per unit, average of the price of assets bought and the price of the assets sold [(purchases + sales) ÷ 2], during the period, divided by average NAV for the period.

Liability ratio

Per unit, liabilities at the end of the period, divided by the NAV at the end of the period.

24 DISCLOSURE REGARDING DATA IN STATEMENT OF FINANCIAL POSITION

Since the year 2009, statement of financial position has been reformatted and re-presented to comply with the presentation requirements under IFRS and industry practices. Presented below is the balance sheet data for comparison purposes.

	Note	30-06-2011 RO	30-06-2010 RO
Units issued at the beginning		10,330,204	10,330,204
Cumulative units redeemed		(10,451,404)	(9,862,554)
Cumulative units subscribed		2,341,629	1,679,993
Cumulative bonus units		2,261,792	2,056,099
		-----	-----
Unit capital		4,482,221	4,203,742
Retained earnings		(264,495)	(205,683)
		-----	-----
Total unitholders' funds		4,217,726	3,998,059
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 30 June 2011

25 COMPARATIVES

Comparative information has been re-presented and re-grouped, wherever necessary, to conform to the presentation adopted for the current period. Such re-presented or re-grouped information has not impacted the net assets of the Fund, net asset value per unit.