



**KPMG Al Fozan & Al Sadhan**  
Certified Public Accountants

**BAKHEET IPO FUND**

**Condensed Interim Financial Statements (un-audited)  
For the six months period ended 30 June 2009  
together with the  
Review Report**





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## REVIEW REPORT


To: **The Unitholders of  
Bakheet IPO Fund  
Kingdom of Saudi Arabia**

We have reviewed the accompanying interim balance sheet of **Bakheet IPO Fund** ("the Fund") as at 30 June 2009 and the related interim statements of operations, changes in net assets and cash flows for the six months period then ended and the accompanying notes (1) to (10) which form an integral part of these condensed interim financial statements. These condensed interim financial statements are the responsibility of the Fund's Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. The condensed interim financial statements for the period from 15 March 2008, the date of commencement of operations, to 30 June 2008 were reviewed by another auditor, whose report dated 18 Rajab 1429H, corresponding to 21 July 2008, did not identify any material modifications to be made to their reviewed interim financial statements.

We conducted our review in accordance with standard on interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review is limited primarily to analytical procedures applied to financial data and making inquiries of Fund Manager's personnel 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.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed interim 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**

  
Abdullah H. Al Fozan  
License No: 348

Date: 7 Shaban 1430H  
Corresponding to: 29 July 2009



**BAKHEET IPO FUND**  
**INTERIM BALANCE SHEET (UN-AUDITED)**  
As at 30 June 2009  
(Saudi Riyals)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents		27,069,268	25,479,506
Investments - held for trading	6	106,751,313	89,831,150
Initial Public Offering bids		--	150,000,000
<b>Total assets</b>		<u>133,820,581</u>	<u>265,310,656</u>
<b><u>LIABILITIES</u></b>			
Management and custody fees	8	797,822	1,518,220
Board of Directors fee	8	138,073	46,508
Accrued expenses		15,067	13,669
<b>Total liabilities</b>		<u>950,962</u>	<u>1,578,397</u>
<b>Net assets value attributable to unit holders</b>		<u>132,869,619</u>	<u>263,732,259</u>
<b>Units in issue (numbers)</b>		<u>185,671,709</u>	<u>256,641,687</u>
<b>Net assets value – per unit</b>		<u>0.7156</u>	<u>1.0276</u>

The accompanying notes (1) through (10) form an integral part of these condensed interim financial statements.

These condensed interim financial statements have been approved by the Board of Directors on -----  
----- and signed on their behalf by:

**29 JUL 2009**



**Beshr Bakheet**  
*Chief Executive Officer and Chairman*



**Hesham H. Abo-Jamee**  
*Chief Investment Officer*

**BAKHEET IPO FUND**  
**INTERIM STATEMENT OF OPERATIONS (UN-AUDITED)**  
For the six months period ended 30 June 2009  
(Saudi Riyals)

	<u>Note</u>	<u>2009</u>	<u>2008</u>
<b><u>INCOME</u></b>			
Trading gain / (loss), net	7	27,501,835	7,119,792
Dividend income		1,307,450	182,000
Murabaha income		17,300	928,593
<b>Total income</b>		<b>28,826,585</b>	<b>8,230,385</b>
<b><u>EXPENSES</u></b>			
Management fee	8	1,218,252	1,214,576
Others		457,435	363,899
<b>Total expenses</b>		<b>1,675,687</b>	<b>1,578,475</b>
<b>NET INCOME FROM OPERATIONS</b>		<b>27,150,898</b>	<b>6,651,910</b>

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**29 JUL 2009**



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*Chief Investment Officer*



**BAKHEET IPO FUND**  
**INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE**  
**TO UNIT HOLDERS (UN-AUDITED)**

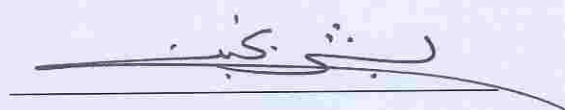
For the six months period ended 30 June 2009

	<u>2009</u>	<u>2008</u>
	<u>In Saudi Riyals</u>	
Net assets value, beginning of the period	118,660,215	--
Add: New subscriptions during the period	--	257,080,349
Less: Redemptions during the period	(12,941,494)	--
Net income from operations	27,150,898	6,651,910
Net assets value, end of the period	<u>132,869,619</u>	<u>263,732,259</u>
	<u>In numbers</u>	
Units, beginning of the period	206,814,897	--
Add: Units subscribed	--	256,641,687
Less: Units redeemed	(21,143,188)	--
Net (decrease) / increase in units	(21,143,188)	256,641,687
Units, end of the period	<u>185,671,709</u>	<u>256,641,687</u>

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**29 JUL 2009**



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*Chief Investment Officer*

**BAKHEET IPO FUND**  
**INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
For the six months period ended 30 June 2009  
(Saudi Riyals)

	<u>2009</u>	<u>2008</u>
<b>OPERATING ACTIVITIES:</b>		
Net income from operations	27,150,898	6,651,910
Adjustment for movement in unrealised gain on investments	(11,913,412)	(1,049,491)
<i>Changes in operating assets and liabilities:</i>		
Commission receivable	733	--
Investments - held for trading	(36,853,176)	(88,781,659)
Initial Public Offering bids	--	(150,000,000)
Management and custody fees	(96,827)	1,518,220
Board of Directors fee	(59,619)	46,508
Accrued expenses	(9,933)	13,669
<b>Net cash used in operating activities</b>	<u>(21,781,336)</u>	<u>(231,600,843)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from units subscribed	--	257,080,349
Payments on units redeemed	(12,941,494)	--
<b>Net cash (used in) / provided by financing activities</b>	<u>(12,941,494)</u>	<u>257,080,349</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(34,722,830)	25,479,506
Cash and cash equivalents, beginning of the period	61,792,098	--
<b>Cash and cash equivalents, end of the period</b>	<u>27,069,268</u>	<u>25,479,506</u>

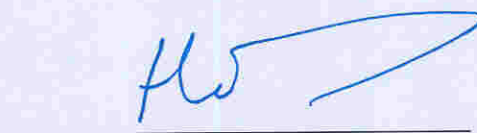
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**29 JUL 2009**



**Beshr Bakheet**  
Chief Executive Officer and Chairman



**Hesham H. Abo-Jamee**  
Chief Investment Officer



**BAKHEET IPO FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six months period ended 30 June 2009

**1. GENERAL**

Bakheet IPO Fund (the "Fund") is an investment fund established through an agreement between the Bakheet Investment Group (the "Fund Manager") and the Fund Investors (the "Unitholders").

The address of the Fund Manager is as follows:

Bakheet Investment Group  
Head Office  
P O Box 63762  
Riyadh 11526  
Kingdom of Saudi Arabia

The Fund's primary objective to increase capital by achieving a positive return and incurring minimum risk while investing in initial public offerings in Saudi Arabia, and investing the available liquidity in low-risk assets and Saudi Riyal Murabaha funds. The Fund is an "open-end" type, and will not distribute any dividends to the unitholders. Instead, the income will be reinvested in the Fund, which will be reflected in the Fund's unit price.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund.

The comparative figures in the accompanying condensed interim financial statements are for the first interim financial period of the Fund's operations, which are for the period from 15 March 2008, the date of commencement of operations, to 30 June 2008. The Saudi Capital Market Authority (the "CMA") approval was obtained on 27 Muharram 1429H (corresponding to 5 February 2008); however, the Fund did not commence operations until 15 March 2008.

**2. REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations issued by the CMA on 22 Dhul Hijja 1427H (corresponding to 12 January 2007) detailing requirements for all funds within the Kingdom of Saudi Arabia.

**3. SUBSCRIPTION/REDEMPTION (DEALING DAY AND VALUATION DAY)**

The Fund is open for subscriptions / redemptions of units on business day (each a "Dealing Day") immediately preceding the 16th day of each calendar month or the last business day of each calendar month. The value of the Fund's portfolio is determined on each dealing day (each a "Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units shall be determined by dividing the net value of assets (fair value of fund assets minus fund liabilities) by the total number of outstanding fund units on the relevant valuation day.

**4. BASIS OF PREPARATION**

**4.1 Statement of compliance**

These condensed interim financial statements have been presented in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (the "SOCPA"). These interim financial statements have been presented in condensed form and do not include all the information presented in annual financial statements; therefore, these condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2008.

**BAKHEET IPO FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six months period ended 30 June 2009  
(Saudi Riyals)

**4. BASIS OF PREPARATION (CONTINUED)**

**4.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except for the measurement of investments at fair value, using accrual basis of accounting and the going concern concept.

**4.3 Functional and presentation currency**

These condensed interim financial statements have been presented in Saudi Riyal, which is also the functional currency of the Fund.

**5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES**

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used and disclosed in the annual financial statements for the period ended 31 December 2008.

Risk management policies are consistent with those as disclosed in the annual financial statements for the period ended 31 December 2008.

**6. INVESTMENTS - HELD FOR TRADING**

All of the Fund's investments are in Saudi public companies that are listed on the Saudi Stock Exchange (Tadawul). The Composition of the investment portfolio is summarized below:

<u>Sector</u>	<u>Cost</u>	<u>Market value</u>	<u>% of market value</u>
		2009	
Real estate development	27,966,717	35,221,060	32.99
Industrial investment	23,721,207	27,888,400	26.12
Petrochemical industries	17,175,802	19,122,420	17.91
Building and construction	12,707,811	9,991,013	9.36
Multi - investment	8,509,566	7,191,580	6.74
Retail	2,628,614	4,047,400	3.79
Agriculture and food industries	2,128,184	3,289,440	3.09
Media and publishing	--	--	--
	<u>94,837,901</u>	<u>106,751,313</u>	<u>100.00</u>



**BAKHEET IPO FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six months period ended 30 June 2009  
(Saudi Riyals)

**6. INVESTMENTS - HELD FOR TRADING (CONTINUED)**

<u>Sector</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of market value</u>
		2008	
Real estate development	21,112,866	19,673,600	21.90
Industrial investment	--	--	--
Petrochemical industries	37,610,954	38,651,625	43.03
Building and construction	22,033,427	23,966,250	26.68
Multi – investment	--	--	--
Retail	--	--	--
Agriculture and food industries	--	--	--
Media and publishing	8,024,412	7,539,675	8.39
	<u>88,781,659</u>	<u>89,831,150</u>	<u>100.00</u>

**7. TRADING GAIN / (LOSS), NET**

	<u>2009</u>	<u>2008</u>
Realized gain on investments, net	15,588,423	6,070,301
Unrealized gain on investments, net	<u>11,913,412</u>	<u>1,049,491</u>
	<u>27,501,835</u>	<u>7,119,792</u>

**8. TRANSACTIONS WITH RELATED PARTIES**

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund. The Fund Manager charges the Fund with a management fee of 2% per annum of the Fund's net assets, calculated on a daily basis. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund as audit fee, board compensation and other similar charges. The Fund manager also receives a subscription fee of 2% for all new subscriptions.

The unitholders' account at 30 June included units (in numbers) held as follows:

	<u>2009</u>	<u>2008</u>
Held by employees and the Pension Fund of the Fund Manager	1,029,300	2,906,168
Held by members of the Board of Directors	245,200	2,027,721
Held by the Fund Manager	--	19,600,200
	<u>1,274,500</u>	<u>24,534,089</u>

**BAKHEET IPO FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the six months period ended 30 June 2009  
(Saudi Riyals)

**8. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Related party transactions for the period ended 30 June and balances arising there from are described as under:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the period</u>		<u>Closing payable balance</u>	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bakheet Investment Group	Management and custody fees	<u>1,522,485</u>	<u>1,518,220</u>	<u>797,822</u>	<u>1,518,220</u>
Bakheet Investment Group	Board of Directors fee	<u>138,073</u>	<u>46,508</u>	<u>138,073</u>	<u>46,508</u>

**9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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. Consequently, differences can arise between carrying values and fair value estimates.

The fair values of on balance sheet financial instruments are not significantly different from the carrying values included in the financial statements.

**10. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2009 (2008: 30 June 2008).