BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)

Interim Condensed Financial Statements (un-audited)
For the six month period ended 30 June 2014
together with the
Review Report to the Unitholders

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REVIEW REPORT
ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of Review

We have reviewed the accompanying interim balance sheet of **Bakheet IPO Fund** (the "Fund") managed by Bakheet Investment Group (the "Fund Manager") as at 30 June 2014 and the related interim statements of income, cash flows and changes in net assets attributable to unitholders for the six month period ended 30 June 2014 and the attached 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 Shawwal 1435 H
Corresponding to: 12 August 2014

KPMG Al Fozan & Al Sadhan, a partnership registered in Saudi Arabia and a member firm of the KPMG network of independent member firmsaffiliated with KPMG International, a Swiss cooperative.

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2014
(Amounts in Saudi Arabian Riyals)

	Note	**2014**	2013
ASSETS			
Cash and cash equivalents		**12,293,060**	7,487,037
Dividend receivable		**1,073,670**	--
Held for trading investments	*6*	**301,646,771**	131,893,644
Total assets		**315,013,501**	139,380,681
LIABILITIES			
Management and custody fees	*8*	**1,747,662**	886,488
Board of Directors' fee	*8*	**30,000**	30,000
Accrued expenses		**25,311**	25,313
Total liabilities		**1,802,973**	941,801
Net assets value attributable to unitholders		**313,210,528**	138,438,880
Units in issue (numbers)		**137,118,303**	97,395,363
Net assets value - per unit		**2.2842**	1.4214

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

These interim condensed financial statements shown in pages from 1 to 8 have been approved by the Board of Directors of the Fund on 12/08/2014 and signed on their behalf by:

Joshy George
Acting Chief Executive Officer

Mohammed Ragheb Alothmani
Division Head - Asset Management

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF INCOME (UN-AUDITED)
For the six month period ended 30 June 2014
(Amounts in Saudi Arabian Riyals)

	Note	**2014**	2013
INCOME			
Trading gain, net	*7*	**77,201,416**	35,975,729
Dividend income		**3,948,394**	2,738,960
Other income		**212**	392
Total income		**81,150,022**	38,715,081
EXPENSES			
Management fee	*8*	**2,422,214**	1,246,410
Custody fee	*8*	**605,554**	311,603
Board of Directors' fee	*8*	**30,000**	30,000
Other operating expenses	*9*	**32,150**	32,238
Total expenses		**3,089,918**	1,620,251
NET INCOME		**78,060,104**	37,094,830

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

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six month period ended 30 June 2014
(Amounts in Saudi Arabian Riyals)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**78,060,104**	37,094,830
Adjustment for unrealised gain on held for trading investments during the period	**(44,299,248)**	(19,557,420)
Changes in operating assets and liabilities:		
Held for trading investments	**(70,771,361)**	(26,487,460)
Dividend receivable	**(533,374)**	--
Management and custody fees	**684,121**	318,552
Board of Directors' fee	**(30,000)**	(30,000)
Accrued expenses	**748**	(6,750)
Net cash used in operating activities	**(36,889,010)**	(8,668,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of units	**58,754,361**	27,044,251
Payments for redemption of units	**(18,019,206)**	(15,273,613)
Net cash generated by financing activities	**40,735,155**	11,770,638
Net increase in cash and cash equivalents	**3,846,145**	3,102,390
Cash and cash equivalents at beginning of the period	**8,446,915**	4,384,647
Cash and cash equivalents at end of the period	**12,293,060**	7,487,037

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

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UN-AUDITED)
For the six month period ended 30 June 2014

	2014	2013
	Amounts in Saudi Arabian Riyals	
Net assets value at beginning of the period	**194,415,269**	89,573,412
Add: Subscriptions during the period	**58,754,361**	27,044,251
Less: Redemptions during the period	**(18,019,206)**	(15,273,613)
Net income	**78,060,104**	37,094,830
Net assets value at end of the period	**313,210,528**	138,438,880
	In numbers	
Units at beginning of the period	**117,959,673**	85,142,660
Add: Units subscribed	**28,334,766**	23,447,036
Less: Units redeemed	**(9,176,136)**	(11,194,333)
Net increase in units	**19,158,630**	12,252,703
Units at end of the period	**137,118,303**	97,395,363

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

1. GENERAL

1.1 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") by virtue of approval of the Capital Market Authority (the "CMA") dated 03 Safar 1429H (corresponding to 10 February 2008). The Fund commenced its operations on 16 March 2008.

During 2013, the Fund Manager and Osool Capital, a CMA license company registered in Kingdom of Saudi Arabia have resolved to merge their operations. The legal formalities in this regard have been initiated and are expected to be completed within due course.

The Fund's primary objective is to maximize capital growth by achieving a positive return while minimizing potential risks through investing in the Initial Public Offerings of shares of Saudi joint stock companies, in addition to newly listed companies in the Saudi stock market during the first three years of their listing and investing the Fund's available liquidity in low risk and highly liquid Saudi Riyal assets such as money market funds and bank deposits. In addition, the Fund is allowed to invest up to 25% of the Fund's assets in small and medium cap companies.

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 address of the Fund Manager is as follows:

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

1.2 The interim results of the Fund may not be an indicator of its annual results.

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations issued by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) 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 the last business day of each week (each a "Dealing Day"). 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 is 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 interim condensed 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 condensed financial statements do not include all the information presented in annual financial statements; therefore, these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

4. BASIS OF PREPARATION (CONTINUED)

4.2 Basis of measurement

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

4.3 Functional and presentation currency

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

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

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

6. HELD FOR TRADING INVESTMENTS

The sector wise composition of the investment portfolio is summarized below:

Sector	Cost	Market value	% of market value
		2014	
Retail	**78,430,929**	**89,225,990**	**29.58**
Hotel and tourism	**43,944,002**	**58,051,838**	**19.24**
Cement	**37,347,196**	**40,904,145**	**13.56**
Building and construction	**34,053,191**	**37,904,678**	**12.57**
Agriculture and food industries	**26,897,412**	**31,961,755**	**10.60**
Transport	**21,189,615**	**23,922,975**	**7.93**
Insurance	**7,347,863**	**11,547,790**	**3.83**
Petrochemical industries	**8,137,315**	**8,127,600**	**2.69**
Industrial investment	--	--	--
	257,347,523	**301,646,771**	**100.00**

6. HELD FOR TRADING INVESTMENTS (CONTINUED)

Sector	Cost	Market value	% of market value
		2013	
Retail	22,116,495	23,222,872	17.61
Hotel and tourism	4,813,612	6,890,863	5.23
Cement	40,968,324	47,025,455	35.65
Building and construction	10,908,368	14,294,589	10.84
Agriculture and food industries	9,097,091	13,300,160	10.08
Transport	--	--	--
Insurance	--	--	--
Petrochemical industries	--	--	--
Industrial investment	24,432,334	27,159,705	20.59
	112,336,224	131,893,644	100.00

7. TRADING GAIN, NET

	2014	2013
Unrealized gain on investments, net	**44,299,248**	19,557,420
Realized gain on investments, net	**32,902,168**	16,418,309
	77,201,416	35,975,729

8. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts with its related parties. The Fund Manager, its employees and the Fund's Board of Directors are considered to be related parties of the Fund.

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 such as audit fee, board compensation and other similar charges. The board compensation is calculated as 5% of the Fund's annual management fee subject to a maximum of SR 30,000 per member.

The unitholders' account at 30 June included units held as follows:

	2014		2013	
	Units in numbers	**SAR**	Units in numbers	SAR
Held by the Fund Manager	**4,617,873**	**10,548,310**	2,299,003	3,267,829
Held by members of the Board of Directors of the Fund	**968,180**	**2,211,551**	1,132,240	1,609,380
Held by employees of the Fund Manager	**69,529**	**159,221**	42,873	60,940
	5,655,582	**12,919,082**	3,474,116	4,938,149

During the period the above-mentioned unitholders' have subscribed and redeemed units amounting to SR 7,398,655 (2013: SR 730,000) and SR 2,525,039 (2013: 9,809,059), respectively.

8. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

Related party	Nature of transactions	Amount of transaction during the period		Closing balance payable	
		2014	2013	**2014**	2013
Bakheet Investment Group	Management fee	**2,422,214**	1,246,410	**1,398,130**	709,190
	Custody fee	**605,554**	311,603	**349,532**	177,298
Board of Directors	Annual remuneration	**30,000**	30,000	**30,000**	30,000

9. OTHER OPERATING EXPENSES

	2014	2013
Audit fee	**15,000**	15,000
Benchmark calculation fee	**13,125**	13,125
CMA monitoring and reviewing fees	**3,720**	3,750
Other expenses	**305**	363
	32,150	32,238

10. 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.

Financial instruments consist of financial assets and financial liabilities. The Fund's financial assets consists of cash at banks and held for trading investments and financial liabilities consists of management and custody fees, Board of Directors' fee and certain accrued expenses.

For investments traded in an active market, fair value is determined by reference to quoted market prices. The fair value of other financial instruments is not materially different from their carrying values.

11. LAST VALUATION DAY

The last valuation day of the period was 30 June 2014 (2013: 30 June 2013).