

OSOOL & BAKHEET IPO FUND
(MANAGED BY OSOOL & BAKHEET
INVESTMENT COMPANY)
Interim Condensed Financial Statements (un-audited)
For the six month period ended 30 June 2015
together with the
Review Report to the Unitholders



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REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

Scope of Review


We have reviewed the accompanying interim balance sheet of **Osool & Bakheet IPO Fund** (the "Fund") managed by Osool & Bakheet Investment Company (the "Fund Manager") as at 30 June 2015 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 2015 and the attached notes from (1) to (12) 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

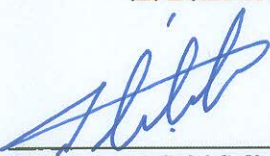
Date: 25 Shawwal 1436H
Corresponding to: 10 August 2015

OSOOL & BAKHEET IPO FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM BALANCE SHEET (UN-AUDITED)
As at 30 June 2015
(Amounts in Saudi Arabian Riyals)


| | <i>Note</i> | 2015 | 2014 |
|---|-------------|--------------------|--------------------|
| ASSETS | | | |
| Cash and bank balances | 6 | 37,998,695 | 12,293,060 |
| Dividend receivable | | 2,035,138 | 1,073,670 |
| Held for trading investments | 7 | 588,974,437 | 301,646,771 |
| Total assets | | 629,008,270 | 315,013,501 |
| LIABILITIES | | | |
| Management and custody fees | 9 | 3,534,243 | 1,747,662 |
| Board of Directors' fee | 9 | 44,997 | 30,000 |
| Accrued expenses | | 25,313 | 25,311 |
| Total liabilities | | 3,604,553 | 1,802,973 |
| Net assets value attributable to unitholders | | 625,403,717 | 313,210,528 |
| Units in issue (numbers) | | 233,039,847 | 137,118,303 |
| Net assets value - per unit | | 2.6837 | 2.2842 |

The accompanying notes (1) through (12) form an integral part of these interim condensed financial statements.

These interim condensed financial statements shown in the pages from 1 to 9 have been approved by the Board of Directors of the Fund on 10/08/2015 and signed on their behalf by:


Mohammed Zaki Salim Zakaria
Chief Executive Officer




Mohammed Ragheb Al Othmani
Division Head - Asset Management

OSOOL & BAKHEET IPO FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM STATEMENT OF INCOME (UN-AUDITED)
For the six month period ended 30 June 2015
(Amounts in Saudi Arabian Riyals)

| | <i><u>Note</u></i> | <u>2015</u> | <u>2014</u> |
|--------------------------|--------------------|--------------------------|--------------------------|
| <u>INCOME</u> | | | |
| Trading gain, net | 8 | 70,677,657 | 77,201,416 |
| Dividend income | | 8,014,417 | 3,948,394 |
| Other income | | 1,166 | 212 |
| Total income | | <u>78,693,240</u> | <u>81,150,022</u> |
| <u>EXPENSES</u> | | | |
| Management fee | 9 | 5,246,600 | 2,422,214 |
| Custody fee | 9 | 1,311,650 | 605,554 |
| Board of Directors' fee | 9 | 44,997 | 30,000 |
| Other operating expenses | 10 | 31,997 | 32,150 |
| Total expenses | | <u>6,635,244</u> | <u>3,089,918</u> |
| NET INCOME | | <u>72,057,996</u> | <u>78,060,104</u> |

The accompanying notes (1) through (12) form an integral part of these interim condensed financial statements.

OSOOL & BAKHEET IPO FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six month period ended 30 June 2015
(Amounts in Saudi Arabian Riyals)

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | 72,057,996 | 78,060,104 |
| <i>Adjustment for unrealised gain on held for trading investments</i> | (41,052,882) | (44,299,248) |
| Changes in operating assets and liabilities: | | |
| Held for trading investments | (165,787,672) | (70,771,361) |
| Dividend receivable | (961,468) | (533,374) |
| Other receivable | 209,547 | -- |
| Management and custody fees | 638,295 | 684,121 |
| Board of Directors' fee | (29,805) | (30,000) |
| Accrued expenses | (6,722) | 748 |
| Net cash used in by operating activities | <u>(134,932,711)</u> | <u>(36,889,010)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from subscription of units | 102,432,471 | 58,754,361 |
| Payments for redemption of units | (19,781,173) | (18,019,206) |
| Net cash generated by financing activities | <u>82,651,298</u> | <u>40,735,155</u> |
| Net (decrease)/increase in cash and bank balances | (52,281,413) | 3,846,145 |
| Cash and bank balances at beginning of the period | 90,280,108 | 8,446,915 |
| Cash and bank balances at end of the period | <u>37,998,695</u> | <u>12,293,060</u> |

The accompanying notes (1) through (12) form an integral part of these interim condensed financial statements.

OSOOL & BAKHEET IPO FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS (UN-AUDITED)
For the six month period ended 30 June 2015

| | <u>2015</u> | <u>2014</u> |
|--|--|--------------------|
| | <i>Amounts in Saudi Arabian Riyals</i> | |
| Net assets value at beginning of the period | 470,694,423 | 194,415,269 |
| Add: Subscriptions during the period | 102,432,471 | 58,754,361 |
| Less: Redemptions during the period | (19,781,173) | (18,019,206) |
| Net income | 72,057,996 | 78,060,104 |
| Net assets value at end of the period | 625,403,717 | 313,210,528 |
| | <i>In numbers</i> | |
| Units at beginning of the period | 202,290,615 | 117,959,673 |
| Add: Units subscribed | 38,849,743 | 28,334,766 |
| Less: Units redeemed | (8,100,511) | (9,176,136) |
| Net increase in units | 30,749,232 | 19,158,630 |
| Units at end of the period | 233,039,847 | 137,118,303 |

The accompanying notes (1) through (12) form an integral part of these interim condensed financial statements.

OSOOL & BAKHEET IPO FUND

(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six month period ended 30 June 2015

1. GENERAL

Osool & Bakheet IPO Fund (the "Fund") is an investment fund established through an agreement between the Osool & Bakheet Investment Company (the "Fund Manager") and the Fund Investors (the "Unitholders"). The Fund commenced its operations on 16 March 2008.

On a request made to Capital Market Authority ("CMA"), the CMA's Board of Commissioners on 15 Muharram 1435H corresponding to 18 November 2013 issued a resolution approving the merger of Bakheet Investment Group into Osool Capital Company and the change in the name of 'Osool Capital Company' to 'Osool & Bakheet Investment Company'. Consequently, the business of "Fund Manager", as defined in CMA's Authorized Persons Regulations, has been transferred from Bakheet Investment Group to Osool & Bakheet Investment Company. The unit holders have been notified of the change by a letter dated 13 Rajab 1435H (corresponding to 12 May 2014).

The Fund has updated their terms and condition which have been approved by the CMA on 20 Jumada II 1436H (corresponding to 9 April 2015).

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:

Osool & Bakheet Investment Company

P. O. Box 63762

Riyadh 11526

Kingdom of Saudi Arabia

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 every business day (each a "Dealing Day") of the Saudi Stock Market. 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.

OSOOL & BAKHEET IPO FUND**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**

For the six month period ended 30 June 2015

(Amounts in Saudi Arabian Riyals)

4. BASIS OF PREPARATION**4.1 Statement of compliance**

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

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for 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 financial statements have been presented in Saudi Arabian Riyals (SR), which is the functional currency of the Fund. All financial information presented in SR has been rounded to the nearest Saudi Arabian Riyal.

4.4 Use of estimates and judgments

In the ordinary course of business, the preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

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 2014. Risk management policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2014.

6. CASH AND BANK BALANCES

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|-------------------|-------------------|
| Cash at bank | 28,943,744 | 7,113,018 |
| Cash at brokerage investment account | <u>9,054,951</u> | <u>5,180,042</u> |
| | <u>37,998,695</u> | <u>12,293,060</u> |

OSOOL & BAKHEET IPO FUND**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**

For the six month period ended 30 June 2015

*(Amounts in Saudi Arabian Riyals)***7. HELD FOR TRADING INVESTMENTS**

The sector-wise composition of investment held for trading is summarized as follows:

| <u>Sector</u> | <u>Cost</u> | <u>Market value</u> | <u>% of market value</u> |
|---------------------------------|--------------------|---------------------|--------------------------|
| | | 2015 | |
| Retail | 176,884,064 | 181,505,931 | 30.82 |
| Transport | 61,315,865 | 84,535,176 | 14.35 |
| Banks & Financial Services | 74,102,764 | 79,242,181 | 13.45 |
| Cement | 66,598,534 | 66,414,221 | 11.28 |
| Hotel and tourism | 48,615,295 | 53,641,886 | 9.11 |
| Petrochemical industries | 43,536,906 | 39,966,553 | 6.79 |
| Agriculture and food industries | 39,760,051 | 37,633,550 | 6.39 |
| Insurance | 12,325,453 | 17,319,922 | 2.94 |
| Industrial investment | 10,286,238 | 14,366,360 | 2.44 |
| Building and construction | 14,496,385 | 14,348,657 | 2.43 |
| | <u>547,921,555</u> | <u>588,974,437</u> | <u>100.00</u> |
| | | 2014 | |
| Retail | 78,430,929 | 89,225,990 | 29.58 |
| Transport | 21,189,615 | 23,922,975 | 7.93 |
| Banks & Financial Services | -- | -- | -- |
| Cement | 37,347,196 | 40,904,145 | 13.56 |
| Hotel and tourism | 43,944,002 | 58,051,838 | 19.24 |
| Petrochemical industries | 8,137,315 | 8,127,600 | 2.69 |
| Agriculture and food industries | 26,897,412 | 31,961,755 | 10.6 |
| Insurance | 7,347,863 | 11,547,790 | 3.83 |
| Building and construction | 34,053,191 | 37,904,678 | 12.57 |
| | <u>257,347,523</u> | <u>301,646,771</u> | <u>100.00</u> |

8. TRADING GAIN, NET

| | | |
|-------------------------------------|-------------------|-------------------|
| | 2015 | 2014 |
| Realized gain on investments, net | 29,624,775 | 32,902,168 |
| Unrealized gain on investments, net | 41,052,882 | 44,299,248 |
| | <u>70,677,657</u> | <u>77,201,416</u> |

9. 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.

OSOOL & BAKHEET IPO FUND**(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**

For the six month period ended 30 June 2015

*(Amounts in Saudi Arabian Riyals)***9. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

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

| | 2015 | | 2014 | |
|--|-----------------------|---------------------------|-----------------------|---------------------------|
| | Units (in numbers) | Net Asset Value SAR | Units (in numbers) | Net Asset Value SAR |
| Held by the Fund Manager | -- | -- | 4,617,873 | 10,548,310 |
| Held by members of the Board of Directors of the Fund | 1,704,452 | 4,574,198 | 968,180 | 2,211,551 |
| Held by employees of the Fund Manager | 6,293,752 | 16,890,398 | 69,529 | 159,221 |
| | <u>7,998,204</u> | <u>21,464,596</u> | <u>5,655,582</u> | <u>12,919,082</u> |

During the period 2015, the above-mentioned unit holders' have subscribed and redeemed units amounting to SR 15.71 million (2014: SR 7.4 million) and Nil (2014: SR 2.5 million), respectively.

Related party transactions for the six month 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 | |
|------------------------------------|------------------------|---|------------------|-------------------------|------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Osool & Bakheet Investment Company | Management fee | <u>5,246,600</u> | <u>2,422,214</u> | <u>2,827,394</u> | <u>1,398,130</u> |
| | Custody fee | <u>1,311,650</u> | <u>605,554</u> | <u>706,849</u> | <u>349,532</u> |
| | Brokerage fee | <u>249,487</u> | <u>172,579</u> | <u>--</u> | <u>--</u> |
| Board of Directors | Annual remuneration | <u>44,997</u> | <u>30,000</u> | <u>44,997</u> | <u>30,000</u> |

10. OTHER OPERATING EXPENSES

| | 2015 | 2014 |
|-----------------------------------|---------------|---------------|
| Audit fee | 15,000 | 15,000 |
| Benchmark calculation fee | 13,125 | 13,125 |
| CMA monitoring and reviewing fees | 3,750 | 3,720 |
| Other expenses | 122 | 305 |
| | <u>31,997</u> | <u>32,150</u> |

OSOOL & BAKHEET IPO FUND

(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

For the six month period ended 30 June 2015

11. 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 consist mainly of held for trading investments and financial liabilities consist 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 values of other financial instruments are not materially different from their carrying values. Fluctuations in stock market can cause fluctuation in the investment portfolio as well.

12. LAST VALUATION DAY

The last valuation day of the period was 30 June 2015 (2014: 30 June 2014).