

OSOOL & BAKHEET SAUDI TRADING EQUITY 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 Saudi Trading Equity Fund
Riyadh, Kingdom of Saudi Arabia**

Scope of Review

We have reviewed the accompanying interim balance sheet of **Osool & Bakheet Saudi Trading Equity 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 SAUDI TRADING EQUITY FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM BALANCE SHEET (UN-AUDITED)**


As at 30 June 2015

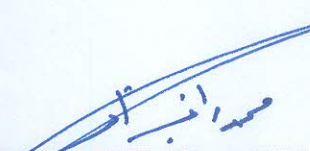
(Amounts in Saudi Arabian Riyals)

	<i>Note</i>	2015	2014
<u>ASSETS</u>			
Cash and bank balances	6	774,909	351,947
Dividend receivables		153,246	158,581
Held for trading investments	7	30,920,160	32,822,354
Total assets		31,848,315	33,332,882
<u>LIABILITIES</u>			
Management and custody fees	9	169,743	182,903
Board of Directors' fee	9	35,439	25,876
Shari'a committee members' fee		17,500	17,500
Accrued expenses		21,477	21,280
Total liabilities		244,159	247,559
Net assets value attributable to unitholders		31,604,156	33,085,323
Units in issue (numbers)		12,090,239	13,951,056
Net asset value - per unit		2.6140	2.3715

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 SAUDI TRADING EQUITY FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM STATEMENT OF INCOME (UN-AUDITED)
For the six month period ended 30 June 2014
(Amounts in Saudi Arabian Riyals)

	<i>Note</i>	<u>2015</u>	<u>2014</u>
<u>INCOME</u>			
Trading gain, net	8	3,483,524	4,305,236
Dividend income		530,412	877,877
Other income		7,522	852
Total income		<u>4,021,458</u>	<u>5,183,965</u>
<u>EXPENSES</u>			
Management fee	9	236,269	258,771
Custody fee	9	100,000	100,000
Board of Directors' fee	9	35,439	25,876
Other operating expenses	10	56,570	56,586
Total expenses		<u>428,278</u>	<u>441,233</u>
NET INCOME		<u>3,593,180</u>	<u>4,742,732</u>

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

OSOOL & BAKHEET SAUDI TRADING EQUITY FUND
(MANAGED BY OSOOL & BAKHEET INVESTMENT COMPANY)
INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2014
(Amounts in Saudi Arabian Riyals)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	3,593,180	4,742,732
<i>Adjustment for unrealised gain on held for trading investments</i>	(1,969,392)	(2,125,034)
<i>Changes in operating assets and liabilities:</i>		
Held for trading investments	(6,602,199)	1,567,552
Dividend receivables	(3,171)	(158,581)
Management and custody fees	1,996	5,954
Board of Directors' fee	(28,783)	(29,378)
Accrued expenses	(4,539)	1,050
Net cash (used in) / generated by operating activities	<u>(5,012,908)</u>	<u>4,004,295</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of units	4,605,147	1,966,577
Payments for redemption of units	(5,804,737)	(6,059,695)
Net cash used in financing activities	<u>(1,199,590)</u>	<u>(4,093,118)</u>
Net decrease in cash and bank balances	(6,212,498)	(88,823)
Cash and bank balances at beginning of the period	6,987,407	440,770
Cash and bank balances at end of the period	<u>774,909</u>	<u>351,947</u>

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

OSOOL & BAKHEET SAUDI TRADING EQUITY 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 2014

	<u>2015</u>	<u>2014</u>
	Amounts in Saudi Arabian Riyals	
Net assets value at beginning of the period	29,210,566	32,435,709
Add: Subscriptions during the period	4,605,147	1,966,577
Less: Redemptions during the period	(5,804,737)	(6,059,695)
Net income	3,593,180	4,742,732
Net assets value at end of the period	31,604,156	33,085,323
	In numbers	
Units at beginning of the period	12,559,114	15,710,364
Add: Units subscribed	1,867,713	904,812
Less: Units redeemed	(2,336,588)	(2,664,120)
Net decrease in units	(468,875)	(1,759,308)
Units at end of the period	12,090,239	13,951,056

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

OSOOL & BAKHEET SAUDI TRADING EQUITY 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 Saudi Trading Equity Fund (the "Fund") is an investment fund established through an agreement between Osool & Bakheet Investment Company (the "Fund Manager") and the Fund Investors (the "Unitholders"). The Fund commenced its operations on 7 May 2007.

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 Saudi Joint stock companies that are compliant with Shariah criteria and investing the Fund's available liquidity in low risk and highly liquid Saudi Riyal assets (such as Murabaha and Murabaha funds in Saudi Riyal).

In dealing with the Unit holders, 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 operating 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 SAUDI TRADING EQUITY 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 Riyal (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	774,261	338,315
Cash at brokerage investment account	648	13,632
	<u>774,909</u>	<u>351,947</u>

OSOOL & BAKHEET SAUDI TRADING EQUITY 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	
Agriculture and food industries	7,086,995	7,222,956	23.36
Petrochemical industries	6,253,739	5,957,752	19.27
Retail	4,901,113	4,990,240	16.14
Transport	3,508,473	4,476,582	14.48
Banks and financial services	2,932,214	3,234,714	10.46
Industrial investment	1,797,127	2,309,367	7.47
Cement	1,555,976	1,519,902	4.92
Real estate development	915,131	1,208,647	3.90
	<u>28,950,768</u>	<u>30,920,160</u>	<u>100.00</u>
		2014	
Agriculture and food industries	1,963,446	2,468,754	7.52
Petrochemical industries	7,545,590	7,573,152	23.07
Retail	5,883,771	6,733,289	20.52
Transport	2,382,192	2,877,847	8.77
Banks and financial services	3,688,899	3,768,788	11.48
Cement	4,009,857	4,142,890	12.62
Real estate development	705,700	648,763	1.98
Building and construction	2,725,194	2,619,498	7.98
Hotel and tourism	957,100	1,272,943	3.88
Industrial investment	835,571	716,430	2.18
	<u>30,697,320</u>	<u>32,822,354</u>	<u>100.00</u>

8. TRADING GAIN, NET

	2015	2014
Realized gain on investments, net	1,514,132	2,125,034
Unrealised gain on investments, net	<u>1,969,392</u>	<u>2,180,202</u>
	<u>3,483,524</u>	<u>4,305,236</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.

OSOOL & BAKHEET SAUDI TRADING EQUITY 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 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 1.5% 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:

	2015		2014	
	Units <i>(in numbers)</i>	Net Asset Value SAR	Units <i>(in numbers)</i>	Net Asset Value SAR
Held by the Fund Manager	--	--	586,368	1,390,589
Held by members of the Board of Directors of the Fund	206,991	541,080	20,895	49,553
Held by employees of the Fund Manager	119,565	312,546	--	--
	<u>326,556</u>	<u>853,626</u>	<u>607,263</u>	<u>1,440,142</u>

During the period 2015, the above-mentioned unitholders' have subscribed and redeemed units amounting to SR 115,000 (2014: SR 11,000) and Nil (2014: SR 500,000), respectively.

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	
		2015	2014	2015	2014
Osool & Bakheet Investment Company	Management fee	<u>236,269</u>	<u>258,771</u>	<u>119,743</u>	<u>132,903</u>
	Custody fee	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>
	Brokerage fee	<u>12,268</u>	<u>32,077</u>	<u>--</u>	<u>--</u>
Board of Directors	Annual remuneration	<u>35,439</u>	<u>25,876</u>	<u>35,439</u>	<u>25,876</u>

10. OTHER OPERATING EXPENSES

	2015	2014
Shari'a Committee members fees	35,000	35,000
Audit fee	15,000	15,000
Shari'a cleansing	2,727	2,530
CMA monitoring and reviewing fees	3,750	3,750
Other expenses	93	306
	<u>56,570</u>	<u>56,586</u>

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, Shari'a committee members fees 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. Fluctuations in stock market can cause fluctuation in the investment portfolio as well.

12. LAST VALUATION DATE

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