

**OSOOL & BAKHEET**  
**IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by OSOOL & BAKHEET INVESTMENT COMPANY)**  
**Interim Condensed Financial Statements (Un-Audited)**  
**For the six month period ended 30 June 2018**  
Together with the  
**Review report to the unitholders**

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by OSOOL & BAKHEET INVESTMENT COMPANY)**

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**Interim Condensed Financial Statements (Un-Audited)**  
**For The Six Month Period Ended 30 June 2018**

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## REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

### TO THE UNITHOLDERS OF OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT RIYADH, KINGDOM OF SAUDI ARABIA

#### INTRODUCTION

We have reviewed the accompanying interim statement of assets and liabilities of Osool & Bakheet IPO Trading Fund Sharia Compliant (the "Fund") managed by OSOOL & BAKHEET Investment Company ("Fund Manager") as at 30 June 2018 and the related interim statements of comprehensive income, changes in net assets attributable to the unitholders and cash flows for the six months period then ended, and the accompanying notes which form an integral part of these interim condensed financial statements. The fund's management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

#### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of these interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

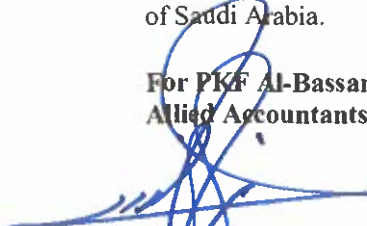
#### OTHER MATTER

The financial statements of the Fund for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements dated 5 April 2018.

#### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia.

For PKF Al-Bassam & Co.  
Allied Accountants

  
Zaher Al Hajaj  
Certified Public Accountant  
Registration No. 562



4 Dhul-Hijjah 1439  
15 August 2018

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**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES (Un-audited)****As at 30 June 2018****(All amounts in Saudi Riyal)**

	Note	As at 30 June 2018 (unaudited)	As at 31 December 2017 (Audited)	As at 1 January 2017 (Audited)
<b>ASSETS</b>				
Investments measured at FVPL	8	<b>2,216,017</b>	2,911,702	9,873,157
Dividend receivable		<b>10,430</b>	-	-
Cash and cash equivalent		<b>59,111</b>	129,193	5,155,145
<b>Total assets</b>		<b>2,285,558</b>	3,040,895	15,028,302
<b>LIABILITIES</b>				
Accrued management and custody fees	9	<b>14,508</b>	18,505	84,393
Accrued board of directors' fee	9	-	27,556	40,791
Other accrued expenses and other payable		<b>725</b>	25,514	68,673
<b>Total liabilities</b>		<b>15,233</b>	71,575	193,857
<b>Net assets attributable to the Unit holders</b>		<b>2,270,325</b>	2,969,320	14,834,445
Units in issue (number)		<b>2,571,635</b>	3,403,246	14,260,589
<b>Net assets attributable to each unit</b>		<b>0,88</b>	0,87	1,04

The accompanying notes 1 to 14 form an integral part of these financial statements.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)****For the Six Month Period Ended 30 June 2018****(All amounts in Saudi Riyal)**

	Note	<b>30 June 2018</b> <b>(unaudited)</b>	<b>30 June 2017</b> <b>(unaudited)</b>
<b><u>Income</u></b>			
Net gain / (loss) from investments measured at FVPL	10	<b>29,325</b>	(1,650,364)
Dividend income		<b>73,308</b>	281,764
Other income		<b>136</b>	49
<b>Total profit / (loss)</b>		<b>102,769</b>	(1,368,551)
<b><u>Expenses</u></b>			
Management fee	9	<b>(26,163)</b>	(130,690)
Custody fee	9	<b>(6,541)</b>	(32,672)
Board of Directors' fee	9	-	(26,136)
Other expenses		<b>(1,732)</b>	(51,131)
<b>Total expenses</b>		<b>(34,436)</b>	(240,629)
<b>Total comprehensive income / (loss) for the period</b>		<b>68,333</b>	(1,609,180)

The accompanying notes 1 to 14 form an integral part of these financial statements.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by Osool & Bakheet Investment Company)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)**

**For the Six Month Period Ended 30 June 2018**

**(All amounts in Saudi Riyal)**

	<b>30 June 2018</b> <b>(unaudited)</b>	<b>30 June 2017</b> <b>(unaudited)</b>
<b>Net assets attributable to the Unit holders at beginning of the period</b>	<b>2,969,320</b>	14,834,445
Add: Subscriptions during the period	<b>17,000</b>	152,000
Less: Redemptions during the period	<b>(784,328)</b>	(8,833,594)
Total comprehensive income / (loss) for the period	<b>68,333</b>	(1,609,180)
<b>Net assets value at end of the period</b>	<b>2,270,325</b>	4,543,671

	<b><i>Units number</i></b>	
<b>Units at beginning of the period</b>	<b>3,403,246</b>	14,260,590
Add: Units subscribed	<b>18,355</b>	156,803
Less: Units redeemed	<b>(849,966)</b>	(9,577,491)
Net decrease in units	<b>(831,611)</b>	(9,420,688)
<b>Units at end of the period</b>	<b>2,571,635</b>	4,839,902

The accompanying notes 1 to 14 form an integral part of these financial statements.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT****Open-Ended Fund****(Managed by Osool & Bakheet investment company)****INTERIM CONDENSED STATEMENT OF CASH FLOWS (Un-audited)****For the Six Month Period Ended 30 June 2018****(All amounts in Saudi Riyal)**

	<b>30 June 2018</b> <b>(unaudited)</b>	30 June 2017 (unaudited)
<b>Operating activities:</b>		
Net income / (loss) for the period	<b>68,333</b>	(1,609,180)
Adjustments for:		
Net unrealized gain from investments measured at FVPL	<b>82,082</b>	160,343
<b>Changes in operating assets and liabilities:</b>		
Change in investments measured at FVPL	<b>613,603</b>	6,699,041
Dividend receivable	<b>(10,430)</b>	(26,418)
Accrued management and custody fee	<b>(3,997)</b>	(8,599)
Accrued board of directors' fee	<b>(27,556)</b>	(14,655)
Accrued other expenses and other payable	<b>(24,789)</b>	(25,916)
<b>Net cash from / (used in) operating activities</b>	<b>697,246</b>	5,174,616
<b>Financing activities:</b>		
Proceeds from subscription of units	<b>17,000</b>	152,000
Payments for Redemption of units	<b>(784,328)</b>	(2,833,594)
<b>Net cash used in financing activities</b>	<b>(767,328)</b>	(2,681,594)
<b>Net change in cash and cash equivalent</b>	<b>(70,082)</b>	2,493,022
Cash and cash equivalent at beginning of the period	<b>129,193</b>	5,155,145
<b>Cash and cash equivalent at end of the period</b>	<b>59,111</b>	7,648,167

The accompanying notes 1 to 14 form an integral part of these financial statements.

## **OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**

### **Open-Ended Fund**

**(Managed by Osool & Bakheet Investment Company)**

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### **Notes to the Interim Condensed financial statements**

**For The Six Month Period Ended 30 June 2018**

#### **1. FUND AND ITS ACTIVITIES**

Osool & Bakheet IPO Trading Fund Sharia Compliant (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") by virtue of approval of the Capital Market Authority (the "CMA") dated 22 Dul Hajj 1436H (corresponding to 05 October 2015). The Fund commenced its operations on 16 December 2015.

The Fund has updated their terms and condition which have been approved by the CMA on 14 Shawal 1439H (corresponding to 27 June 2018).

The Fund will invest in the initial public offering shares of Saudi joint stock companies as well as in the shares of newly listed companies on the Saudi stock market during the first five years of their listing or the last 20 companies on the Saudi stock market. The Fund Manager may also invest not more than 50% of the net asset value of the Fund in Small and Medium company shares and no more than 30% of its net asset value in REITs (including the funds' units that managed by the fund's manager). In addition, the fund can invest by no more than 30% of its net asset value in listed companies in the Parallel Market (Nomu). He has the right to invest in Saudi equity funds and money market funds, the units of which are publicly offered and licensed by CMA, provided that all investments are compliant with Sharia guidelines and approved by the Fund's Sharia Committee.

In dealing with the Unit holders, the Fund Manager considers the Fund as an independent accounting 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 ("the Regulations") published by the CMA on 3/12/1427 (corresponding to 24/12/2006) subsequently amended by Resolution of the Board of the Capital Market Authority Number 1 - 61 - 2016 Dated 16/8/1437 (corresponding to 23/5/2016) detailing requirements for all funds within the Kingdom of Saudi Arabia. During the year 2016, CMA issued new Investment Fund Regulations effective from 6 November 2016.

#### **3. SUBSCRIPTION/ REDEMPTION**

The Fund is open for subscriptions / redemptions of units on every business day (each being a "Dealing Day") of the Saudi Stock Exchange Market. The value of the Fund's portfolio is determined on each dealing day (each being 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.

The Fund classifies its redeemable units as an equity instrument if the redeemable units have all of the following features:

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata shares of the Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The subscription and redemption of redeemable units are accounted for as equity transactions as long as units are classified as equity.



**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
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**Notes to the Interim Condensed financial statements**  
**For The Six Month Period Ended 30 June 2018**

**4. Basis of preparation**

**4-1 statement of compliance**

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia.

For all periods up to the year ended 31 December 2017, the Fund prepared its financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia promulgated by Saudi Organization for Certified Public Accountants (“SOCPA”). The financial statements for the period ended 30 June 2018 are the first financial statements of the Fund prepared in accordance with IFRS (Note 7).

These interim condensed financial statements have been prepared in accordance with IFRS 1 First time Adoption of International Financial Reporting Standards’. The Fund has applied the same accounting policies consistently for all periods presented, as if such policies were in force.

**4-2 Basis of measurement**

The unaudited interim condensed financial statements have been prepared on a historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss.

**4-3 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

**5. Significant accounting estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are evaluated continually on the basis of past experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As a result, judgments are made about the carrying amount of assets and liabilities from other sources. Actual results may differ from these estimates. Basic estimates and assumptions are examined based on an ongoing basis. An examination is included in the accounting estimates in the period in which the estimate is tested if the examination affects only that period or the period of the examination and future periods if the examination affects current and future periods.

In the process of applying the Fund’s accounting policies, management has made the following estimates and judgments which are significant to the interim condensed financial statements:

**Going Concern**

The Fund’s management has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund’s ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
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**Notes to the Interim Condensed financial statements**  
**For The Six Month Period Ended 30 June 2018**  
**(All Amount in Saudi Riyal)**

**5. Significant accounting estimates and judgments (continued)**

**Expected credit loss**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

A number of significant judgments are also required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing group of similar financial assets for the purposes of measuring ECL.

**6. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these interim condensed financial statements as follows:

**6-1 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents consists Bank balance. Cash and cash equivalents are carried at amortized cost in the interim condensed statement of assets and liabilities.

**6-2 Financial instruments**

**6-2-1 Change in accounting policies**

The Fund has adopted IFRS 9 '*Financial Instruments*' as issued by the International Accounting Standards Board (IASB) in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. As permitted by the transitional provisions of IFRS 9 and IFRS 1 (Note 3). Adjustments to the carrying amounts of financial assets and liabilities at the date of transition, if any, were recognised in the opening net assets of the current period.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Fund. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous SOCPA compliant accounting policies applied in the comparative periods) are described in more detail in below notes.

***Classification and measurement of financial instruments***

The measurement category and the carrying amount of financial assets and liabilities in accordance with previous accounting policies under SOCPA and IFRS 9 as at 1 January 2018 are compared as follows:

SOCPA		IFRS 9	
Measurement category	Carrying amount	Measurement category	Carrying amount
	SAR		SAR
<b>Financial assets</b>			
<i>Cash and Cash equivalent</i>	Amortized cost	Amortized cost	129,193
	FVPL	FVPL	
Investments measured at FVPL	(Held for trading)	(Mandatory)	2,911,702
	Amortized cost	Amortized cost	
Dividend receivable	(Loans and receivables)		-
<b>Total financial assets</b>			<b>3,040,895</b>

There were no changes to the classification and measurement of financial liabilities.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by Osool & Bakheet Investment Company)**

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**Notes to the Interim Condensed financial statements**  
**For the period ended 30 June 2018**  
**(All Amount in Saudi Riyal)**

**6. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**6-2 financial instruments (continued)**

**6-2-1 Change in accounting policies (continued)**

***Reconciliation of statement of assets and liabilities balances from SOCPA to IFRS 9***

The Fund performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics. Please refer to Note 6-2-2 for more detailed information regarding the new classification requirements of IFRS 9.

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with SOCPA to their new measurement categories upon transition to IFRS 9 on 1 January 2018.

		<b>SOCPA amount</b>		<b>Remeasu</b>	<b>IFRS 9 amount</b>
	<b>Ref</b>	<b>1 January 2018</b>	<b>Reclassifications</b>	<b>rement</b>	<b>1 January 2018</b>
		<b>SAR</b>	<b>SAR</b>	<b>SAR</b>	<b>SAR</b>
<b>Amortized cost</b>					
<i>Cash and Cash equivalent</i>		129,193	-	-	129,193
<b>Fair value through profit or loss:</b>					
<b><i>Held for trading investments</i></b>	<b>B</b>	2,911,702	(2,911,702)	-	-
<i>Investments measured at FVPL</i>	<b>B</b>		2,911,702		2,911,702

The following notes explain how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Fund as shown in the tables above.

- A) Previously classified available for sale investments under SCOPA have been reclassified as Investments measured at amortized cost, with no changes to measurement basis.
- B) Previously classified held for trading investments under SCOPA have been reclassified as investments measured at fair value through profit or loss, with no changes to measurement basis.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
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**Notes to the Interim Condensed financial statements**  
**For the period ended 30 June 2018**

**6. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**6-2-2 Classification and measurement of financial assets**

*Policy applicable from 1 January 2018*

*Equity instruments*

The Fund classifies its financial assets at fair value through profit or loss (FVPL). The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund Manager has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The fair value gains and Losses are recognised in OCI and are not subsequently reclassified to the statement of comprehensive income, dividends from these investments are recognized in the statement of profit and loss as other income when the right to receive payment is established. There is no requirement for impairment of equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets are recognized as profit or loss in the statement of profit and loss.

**6-2-3 Derecognition**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

**6-2-4 Financial liabilities**

The Fund classifies its financial liabilities at amortised cost unless it has designated liabilities at FVPL. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

**6-2-5 Impairment of financial assets**

The Fund assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial instrument assets carried at amortised cost. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**6-3 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of assets and liabilities when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
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**Notes to the Interim Condensed financial statements**  
**For the period ended 30 June 2018**

**6. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**6-4 Accrued expenses and other Payable**

Accrued expenses and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective commission rate method.

**6-5 Provisions**

A provision is recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provision is not recognized for future operating loss.

**6-6 Income tax / zakat**

Income tax / zakat is the obligation of the Unit Holders and therefore, no provision for such liability is made in these financial statements.

**6-7 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, taxes and rebates.

Dividend income is recognized when the Fund's right to receive dividends is established.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by Osool & Bakheet Investment Company)**

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**Notes to the Interim Condensed financial statements**  
**For the period ended 30 June 2018**

**7. FIRST-TIME ADOPTION OF IFRS**

The interim condensed financial statements for the period ended 30 June 2018 are the first financial statements of the Fund prepared in accordance with IFRS endorsed by the Kingdom of Saudi Arabia. For periods up to the year ended 31 December 2017, the Fund prepared its financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia promulgated by Saudi Organisation for Certified Public Accountants (“SOCPA”).

Accordingly, the Fund has prepared the financial statements that comply with IFRS applicable as at 30 June 2018, together with the comparative periods as at 1 January 2017 and as at 31 December 2017. This note explains the principal adjustments made by the Fund in restating its previous statements of assets and liabilities as at 1 January 2017 and 31 December 2017 which had been prepared in accordance with the requirements of SOCPA.

***Exemptions applied***

IFRS 1 ‘*First-time Adoption of International Financial Reporting Standards*’ allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Fund has applied the following exemption:

The Fund has adopted IFRS 9 as issued by International Accounting Standards Board in July 2014 with a date of transition of 1 January 2018, which resulted in adjustments to the amounts previously recognised in the financial statements.

As permitted by the transitional provisions of IFRS 9, the Fund elected not to restate comparative figures. Adjustments to the carrying amounts of financial assets and financial liabilities at the date of transition, if any, were recognised in the opening retained earnings (1 January 2018) of current period. Accordingly, the information presented in comparative periods reflect the requirements under SOCPA and therefore is not comparable to the information presented under the requirements of IFRS 9 for the period ended 30 June 2018.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period.

The following assessment have been made on the basis of the facts and circumstances that existed at the date of transition to IFRS 9:

- Determination of the business model within which a financial asset is held;
- Designation and revocation of previous designations of certain financial assets as measured at fair value through profit or loss.

***Estimates***

The estimates at 1 January 2017 and at 31 December 2017 are consistent with those made for the same dates in accordance with SOCPA on net assets as at 1 January 2017 and 31 December 2017.

**OSOOL & BAKHEET IPO TRADING FUND SHARIA COMPLIANT**  
**Open-Ended Fund**  
**(Managed by Osool & Bakheet Investment Company)**

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**Notes to the Interim Condensed financial statements**  
**For the period ended 30 June 2018**  
**(All Amount in Saudi Riyal)**

**7. FIRST-TIME ADOPTION OF IFRS (CONTINUED)**

*The reconciliation of net assets value of the Fund as at 1 January 2017 and 31 December 2017*

	<b>SOCPA</b>	<b>Effect of</b>	<b>IFRS</b>
	<b>1 January 2017</b>	<b>transition to</b>	<b>1 January 2017</b>
		<b>IFRS</b>	
<b>ASSETS</b>			
Cash and cash equivalent	5,155,145	-	5,155,145
Investments measured at FVPL	9,873,157	-	9,873,157
<b>Total assets</b>	<b>15,028,302</b>	<b>-</b>	<b>15,028,302</b>
<b>LIABILITIES</b>			
Accrued management and custody fee	84,393	-	84,393
Accrued board of directors' fee	40,791	-	40,791
Accrued expenses	68,673	-	68,673
<b>Total liabilities</b>	<b>193,857</b>	<b>-</b>	<b>193,857</b>
<b>Net assets attributable to the Unit holders</b>	<b>14,834,445</b>	<b>-</b>	<b>14,834,445</b>

*The reconciliation of net assets value of the Fund as at 31 December 2017*

	<b>SOCPA</b>	<b>Effect of</b>	<b>IFRS</b>
	<b>31 December</b>	<b>transition to</b>	<b>31 December</b>
	<b>2017</b>	<b>IFRS</b>	<b>2017</b>
<b>ASSETS</b>			
Cash and cash equivalent	129,193	-	129,193
Investments measured at FVPL	2,911,702	-	2,911,702
<b>Total assets</b>	<b>3,040,895</b>	<b>-</b>	<b>3,040,895</b>
<b>LIABILITIES</b>			
Accrued management and custody fees	18,505	-	18,505
Accrued board of directors' fee	27,556	-	27,556
Accrued expenses	25,514	-	25,514
<b>Total liabilities</b>	<b>71,575</b>	<b>-</b>	<b>71,575</b>
<b>Net assets attributable to the Unit holders</b>	<b>2,969,320</b>	<b>-</b>	<b>2,969,320</b>

Under SOCPA, the Fund used to classify net assets attributable to unitholders as liability. Under IFRS, in accordance with the requirements of IAS 32, the net assets attributable to unitholders has been classified as equity.

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**7. FIRST-TIME ADOPTION OF IFRS (CONTINUED)**

*The reconciliation of total comprehensive income of the Fund for the year ended 31 December 2017*

	<b>SOCPA 31 December 2017</b>	<b>Effect of transition to IFRS</b>	<b>IFRS 31 December 2017</b>
<b>Income</b>			
loss from sale of investments measured at FVPL	(1,718,320)	-	(1,718,320)
Unrealized loss from investments measured at FVPL	(131,325)		(131,325)
Dividend income	302,775	-	302,775
Other income	263	-	263
<b>Total Income</b>	<b>(1,546,607)</b>	<b>-</b>	<b>(1,546,607)</b>
<b>Expenses</b>			
Management fee	(162,462)	-	(162,462)
Custody fee	(40,615)	-	(40,615)
Board of Directors' fee	(27,556)	-	(27,556)
Other expenses	(62,656)	-	(62,656)
<b>Total expenses</b>	<b>(293,289)</b>	<b>-</b>	<b>(293,289)</b>
<b>Net comprehensive income for the period</b>	<b>(1,839,896)</b>		<b>(1,839,896)</b>

- The Fund's operating, investing and financing cash flows reported under SOCPA did not significantly differ from IFRS.



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**8. INVESTMENTS MEASURED AT FVPL**

The following is a summary of the components of investments in FVTPL by sector:

<b><u>Sector</u></b>	<b>30 June 2018 (unaudited)</b>		
	<b>Cost</b>	<b>Market Value</b>	<b>% of market Value</b>
Materials	688,291	634,947	28,65
Health Care	505,636	478,719	21,60
Real Estate Development and Management	350,483	312,978	14,14
Transportation	306,144	260,895	11,77
Insurance	95,879	95,113	4,29
Consumer Services	94,496	90,484	4,08
Retailing	98,761	115,430	5,21
Banks	53,497	68,265	3,08
Long Term Goods	162,643	159,186	7,18
	<b>2,355,830</b>	<b>2,216,017</b>	<b>100</b>

<b><u>Sector</u></b>	<b>31 December 2017 (audited)</b>		
	<b>Cost</b>	<b>Market Value</b>	<b>% of market Value</b>
Materials	736,738	730,441	25,09
Health Care	573,396	497,649	17,09
Real Estate Development and Management	537,117	537,035	18,44
Transportation	501,352	410,514	14,10
Retailing	371,191	412,452	14,17
Banks	138,558	162,365	5,58
Long Term Goods	109,636	85,753	2,94
Capital Goods	75,039	75,493	2,59
	<b>3,043,027</b>	<b>2,911,702</b>	<b>100</b>

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**8. INVESTMENTS MEASURED AT FVPL (continued)**

<b>Sector</b>	1 January 2017 (audited)		
	Cost	Market Value	% of market Value
Health Care	2,388,286	2,460,078	24,92
Transportation	1,312,757	2,022,776	20,49
Material	1,642,247	2,067,522	20,94
Food & Staples Retailing	818,500	875,076	8,86
Energy	567,168	616,121	6,24
Retailing	558,063	517,823	5,24
Insurance	340,646	404,388	4,10
Commercial & Professional service	564,335	582,684	5,90
Food & Beverage	244,393	326,689	3,31
	<b>8,436,395</b>	<b>9,873,157</b>	<b>100</b>

8-1 The Fund incurred brokerage fees amounting to SR 2,533 during the period ended 30 June 2018 (for the year ended 31 December 2017: SR 19,622) and SAR 14,754 at 1 January 2017 which were capitalized as part of the cost of investments measured at FVPL upon acquisition.

**9. TRANSACTIONS AND BALANCE WITH RELATED PARTY**

In the ordinary course of its activities, the Fund transacts with its related parties. The Fund Manager and custodian are related parties of the Fund.

The Fund Manager charges the Fund with a management fee of 2% per annum and custody fee of 0.5% 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 Fund Manager charges each investor an early redemption fee at the rate of 1.75% of the value of the redeemed Fund units.

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**9. TRANSACTIONS AND BALANCE WITH RELATED PARTY (continued)**

The related party transactions entered into by the Fund during the periods ended 30 June 2018 and 30 June 2017, respectively:

Related Party	Nature of transactions	Amount of transaction during the period	
		30 June 2018	30 June 2017
Osool & Bakheet Investment Company	Management fee	<b>26,163</b>	130,690
	Custody fee	<b>6,541</b>	32,672
	Brokerage fee	<b>2,533</b>	15,658
Board of Directors	Annual remuneration	-	26,136

Related party balances consist of:

Related Party	Nature of transactions	Ending balance / credit		
		30 June 2018	31 December 2017	1 January 2017
Osool & Bakheet Investment Company	Management fee	<b>11,606</b>	14,804	67,514
	Custody fee	<b>2,902</b>	3,701	16,879
	Cash in an investment brokerage account	<b>58,082</b>	113,234	5,000,468
Board of Directors	Annual remuneration	-	27,556	40,791

**10. NET GAIN / (LOSS) FROM INVESTMENTS MEASURED AT FVPL**

	30 June 2018	30 June 2017
Realized gain / (loss) from sale of Investments measured at FVPL	<b>111,407</b>	(160,343)
Unrealized loss from revaluation of Investments measured at FVPL	<b>(82,082)</b>	(1,490,021)
	<b>29,325</b>	(1,650,364)

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**11. FINANCIAL INSTRUMENTS BY CATEGORY**

<b>30 June 2018</b>	<b>Amortised cost</b>	<b>FVPL</b>
<b>Assets as per statement of Assets and liabilities</b>		
Cash and cash equivalent	<b>59,111</b>	-
Investments measured at FVPL		<b>2,216,017</b>
Dividend receivable	<b>10,430</b>	-
<b>Total</b>	<b>69,541</b>	<b>2,216,017</b>
<b>31 December 2017</b>	<b>Amortised cost</b>	<b>FVPL</b>
<b>Assets as per statement of Assets and liabilities</b>		
Cash and cash equivalent	<b>129,193</b>	-
Investments measured at FVPL	-	<b>2,911,702</b>
Dividend receivable	-	-
<b>Total</b>	<b>129,193</b>	<b>2,911,702</b>
<b>1 January 2017</b>	<b>Amortised cost</b>	<b>FVPL</b>
<b>Assets as per statement of Assets and liabilities</b>		
Cash and cash equivalent	<b>5,155,145</b>	-
Investments measured at FVPL	-	<b>9,873,157</b>
Dividend receivable	-	-
<b>Total</b>	<b>5,155,145</b>	<b>9,873,157</b>

All financial liabilities as at 30 June 2018 were classified as financial liabilities measured at amortised cost category. All financial liabilities as at 31 December 2017 and 1 January 2017 were classified as other financial liabilities category and measured at amortised cost.

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**12. FINANCIAL RISK MANAGEMENT**

**12-1 Financial risk factors**

The Fund's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and operational risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

**(a) Market risk**

*Price risk*

Price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has equity investments.

The effect on the net assets value (as a result of the change in the fair value of investments as at 31 December 2017) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	<b>30 June 2018</b>		<b>31 December 2017</b>		<b>1 January 2017</b>	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Materials	%1	6,349	%1	7,304	%1	20,675
Health Care	%1	4,787	%1	4,977	%1	24,601
Real Estate Development and Management	%1	3,130	%1	5,370	-	-
Transportation	%1	2,609	%1	4,105	%1	20,228
Insurance	%1	951	-	-	%1	4,044
Consumer Services	%1	905	-	-	-	-
Retailing	%1	1,154	%1	4,125	%1	5,178
Banks	%1	683	%1	1,624	-	-
Capital Goods	%1	1,592	%1	755	-	-
Long Term Goods	-	-	%1	858	-	-
Energy	-	-	-	-	%1	8,751
Food & Staples Retailing	-	-	-	-	%1	6,161
Commercial & Professional service	-	-	-	-	%1	5,827
Food & Beverage	-	-	-	-	%1	3,267

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**12. FINANCIAL RISK MANAGEMENT (continued)**

**12-1 financial risk factors (continued)**

**(b) Credit risk**

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Fund is exposed to credit risk for its investment portfolio, receivables and bank balances.

It is Fund's policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on Monday and Thursday, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders.

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**12. FINANCIAL RISK MANAGEMENT (continued)**

**12.2 Fair value estimation**

The fund classifies fair value measurements using the fair-value hierarchy that reflects the importance of the inputs used to perform these measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Fund has classified the fair value hierarchy for all investments at Level 1.

On the date of the statement of asset and liability, the fund manager believes that the fund could have recovered its investments by its net asset value per unit. The carrying amount less provision for impairment of other receivables and payables is close to their fair value.

**13. LAST VALUATION DAY**

The last valuation day of the period was 28 June 2018

**14. APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Fund's Board of Directors on 4 Dhul-Hijjah 1439H corresponding to 15 August 2018.