

**OSOOL & BAKHEET IPO FUND**  
**Open-Ended Fund**  
**(Managed by OSOOL & BAKHEET INVESTMENT COMPANY)**  
**Interim Condensed Financial Statements**  
**For the six-month period ended 30 June 2019**  
**Together with the Review report to the unitholders**

**OSOOL & BAKHEET IPO FUND**  
**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 2019

	PAGES
INDEPENDENT AUDITORS' LIMITED REVIEW REPORT	1
INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES	2
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	3
INTERIM CONDENSED STATEMENT OF CHANGES IN ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS	4
INTERIM CONDENSED STATEMENT OF CASH FLOWS	5
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	6-9

## INDEPENDENT AUDITOR'S REVIEW REPORT

### THE UNITHOLDERS OSOOL & BAKHEET IPO FUND RIYAD, KINGDOM OF SAUDI ARABIA

#### Introduction:

We have reviewed the accompanying interim financial position of Osool& Bakheet IPO Fund ("the Fund") managed by Osool& Bakheet (the "Fund Manager") as at 30 June 2019 and the related interim statements of income, changes in net assets attributable to Unitholders and statement of cash flows for the six month 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 in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is 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.

#### 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 prepared, 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 Al Bassam & Co.  
Allied Accountant



Ibrahim A. Al-Bassam  
Certified Public Accountant  
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5 August 2019  
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**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****INTERIM CONDENSED STATEMENT OF ASSETS AND LIABILITIES****As at 30 June 2019****(All amounts in Saudi Riyal)**

	Note	As at 30 June 2019 (unaudited)	As at 31 December 2018 (Audited)
<b>ASSETS</b>			
Investments measured at FVPL	7	96,119,696	108,377,106
Dividend receivable		81,270	177,292
Cash and cash equivalent		8,693,475	6,859,564
<b>Total assets</b>		<b>104,894,441</b>	<b>115,413,962</b>
<b>LIABILITIES</b>			
Accrued management and custody fees	8	655,702	724,675
Accrued board of directors' fee	8	59,539	120,000
Other accrued expenses		74,515	101,476
<b>Total liabilities</b>		<b>789,756</b>	<b>946,151</b>
<b>Net assets attributable to the Unit holders</b>		<b>104,104,685</b>	<b>114,467,811</b>
<b>Units in issue (number)</b>		<b>66,138,973</b>	<b>77,293,043</b>
<b>Net assets attributable to each unit</b>		<b>1.57</b>	<b>1.48</b>

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

**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME****For the Six-Month Period Ended 30 June 2019****(All amounts in Saudi Riyal)**

	Note	30 June 2019 (unaudited)	30 June 2018 (unaudited)
<b><u>Income</u></b>			
Net gain from investments measured at FVPL	9	6,241,606	2,222,205
Dividend income		1,893,724	4,285,967
Other income		34	211
<b>Total profit</b>		<b>8,135,364</b>	<b>6,508,383</b>
<b><u>Expenses</u></b>			
Management fee	8	(1,047,182)	(1,755,770)
Custody fee	8	(261,797)	(438,943)
Board of Directors' fee	8	(59,539)	(59,536)
Other expenses		(107,384)	(147,141)
<b>Total expenses</b>		<b>(1,475,902)</b>	<b>(2,401,390)</b>
<b>Total comprehensive income for the period</b>		<b>6,659,462</b>	<b>4,106,993</b>

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

**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS****For the Six-Month Period Ended 30 June 2019****(All amounts in Saudi Riyal)**

	<b>30 June 2019</b> <b>(unaudited)</b>	<b>30 June 2018</b> <b>(unaudited)</b>
<b>Net assets attributable to the Unit holders at beginning of the period</b>	<b>114,467,811</b>	<b>217,388,285</b>
Add: Subscriptions during the period	-	-
Less: Redemptions during the period	<b>(17,022,588)</b>	<b>(83,649,313)</b>
Total comprehensive income for the period	<b>6,659,462</b>	<b>4,106,993</b>
<b>Net assets value at end of the period</b>	<b>104,104,685</b>	<b>137,845,965</b>

	<i>Units number</i>	
<b>Units at beginning of the period</b>	<b>77,293,043</b>	<b>124,159,740</b>
Add: Units subscribed during the period	-	-
Less: Units redeemed during the period	<b>(11,154,070)</b>	<b>(46,181,403)</b>
<b>Net decrease in units during the period</b>	<b>(11,154,070)</b>	<b>(46,181,403)</b>
<b>Units at end of the period</b>	<b>66,138,973</b>	<b>77,978,337</b>

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

**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet)****INTERIM CONDENSED STATEMENT OF CASH FLOWS****For the Six-Month Period Ended 30 June 2019****(All amounts in Saudi Riyal)**

	<b>30 June 2019</b> <b>(unaudited)</b>	<b>30 June 2018</b> <b>(unaudited)</b>
<b>Operating activities</b>		
Total comprehensive income for the period	<b>6,659,462</b>	4,106,993
Adjustments for:		
Net gain from investments measured at FVPL	<b>(6,241,606)</b>	(2,222,205)
<b>Changes in operating assets and liabilities:</b>		
Purchased investments measured at FVPL	<b>(63,068,209)</b>	(76,480,999)
Proceeds from sale of investments measured at FVPL	<b>81,567,225</b>	159,408,740
Dividend receivable	<b>96,022</b>	(657,254)
Management and custody fee	<b>(68,973)</b>	(376,037)
Board of directors' fee	<b>(60,461)</b>	(60,464)
Accrued expenses	<b>(26,961)</b>	24,117
<b>Net cash from operating activities</b>	<b>18,856,499</b>	83,742,891
<b>Financing activities:</b>		
Proceeds from subscription of units	-	-
Payments for Redemption of units	<b>(17,022,588)</b>	(83,649,313)
<b>Net cash used in financing activities</b>	<b>(17,022,588)</b>	(83,649,313)
<b>Net change in cash and cash equivalent</b>	<b>1,833,911</b>	93,578
Cash and cash equivalent at beginning of the period	<b>6,859,564</b>	1,550,794
<b>Cash and cash equivalent at end of the period</b>	<b>8,693,475</b>	1,644,372

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

## **OSOOL & BAKHEET IPO FUND**

### **Open-Ended Fund**

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

**Notes to the Interim Condensed financial statements (Un-Audited)**

**For The Six Month Period Ended 30 June 2019**

**(All amount in Saudi Riyal)**

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

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.

The Fund has updated its terms and condition which have been approved by the CMA on 3 Shaban 1440H (corresponding to 8 April 2019).

The Fund's primary objective is to maximize capital growth by achieving a positive return comparison of 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 five years of their listing or the last 20 companies listed on the Saudi stock market 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 50% of the Fund's net asset value in small and medium cap companies, invest by no more than 30% of its net asset value in REITs (including the funds' units that are managed by the Fund manager) also no more than 30% of the fund's net asset value in listed companies in the parallel market (Nomu).

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 (Dealing and valuation Day)**

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 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**

**Open-Ended Fund**

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

**Notes to the Interim Condensed financial statements (Un-Audited)**

**For The Six Month Period Ended 30 June 2019**

**(All amount in Saudi Riyal)**

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**4. Basis of preparation**

**4-1 statement of compliance**

These 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.

**4-2 Basis of measurement**

The 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 using accrual basis of accounting and the going concern concept.

**4-3 Functional and presentation currency**

Items included in the Interim Condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). These interim condensed 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.

**6. Significant accounting and Risk policies**

The 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 2018. Risk policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2018.

**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****Notes to the Interim Condensed financial statements (Un-Audited)****For The Six Month Period Ended 30 June 2019****(All amounts in Saudi Riyal)****7. INVESTMENTS MEASURED AT FVPL**

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

Sector	Percentage		
	Cost	Market Value	% of market Value
	30 June 2019 (unaudited)		
Banks	19,513,307	21,162,545	22.02
Materials	17,661,017	18,528,715	19.28
Health Care Equipment & Svc	17,594,900	11,905,905	12.39
Energy	10,336,923	9,184,107	9.55
Transportation	11,138,765	8,620,672	8.97
Real Estate Mgmt & Dev't	5,002,874	4,903,503	5.10
Capital Goods	5,566,171	4,742,908	4.93
REITs	4,367,262	4,579,617	4.76
Commercial and professional services	3,804,855	3,593,091	3.74
Consumer Services	2,654,721	2,967,751	3.09
Retailing	2,469,730	2,558,024	2.66
Insurance	2,880,668	2,421,639	2.52
Food & Staples Retailing	1,071,796	951,219	0.99
	104,062,989	96,119,696	100

Sector	Cost	Market Value	Percentage
	% of market Value		
	31 December 2018 (audited)		
Banks	20,352,327	22,115,414	20.40
Materials	20,127,515	17,600,197	16.24
Health Care Equipment & Svc	21,601,682	15,106,003	13.94
Capital Goods	10,791,434	8,774,139	8.10
Transportation	9,649,963	7,527,775	6.95
Consumer Services	5,735,475	6,020,510	5.56
Retailing	5,563,375	5,568,912	5.14
Real Estate Mgmt & Dev't	6,345,208	4,813,203	4.44
Insurance	4,365,307	4,163,278	3.84
Energy	3,900,147	3,979,249	3.67
Food & Beverages	3,996,586	3,821,003	3.53
Utilities	2,282,667	2,377,313	2.19
Commercial and professional services	2,647,860	2,257,227	2.08
REITs	1,526,041	1,539,609	1.42
Telecommunications services	1,146,218	1,108,522	1.02
Food & Staples Retailing	1,152,464	1,070,201	0.99
Pharma, Biotech & Life Science	545,850	534,551	0.49
	121,730,119	108,377,106	100

**OSOOL & BAKHEET IPO FUND****Open-Ended Fund****(Managed by Osool & Bakheet Investment Company)****Notes to the Interim Condensed financial statements (Un-Audited)****For The Six Month Period Ended 30 June 2019****(All amounts in Saudi Riyal)****8. TRANSACTIONS 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 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.

The related party transactions during the periods ended 30 June 2019 and 30 June 2018, respectively:

Related Party	Nature of transactions	30 June 2019	30 June 2018
Osool & Bakheet Investment Company	Management fee	1,047,182	1,755,770
	Custody fee	261,797	438,943
Board of Directors	Annual remuneration	59,539	59,536

- Related party balances consist of:

Related Party	Nature of transactions	Ending balance	
		30 June 2019 (unaudited)	31 December 2018 (audited)
Osool & Bakheet Investment Company	Management fee	524,563	579,740
	Custody fee	131,139	144,935
Board of Directors	Annual remuneration	59,539	120,000

Custody fees include administrative expenses of the Fund's operations and amount due to the Custodian (Alinma Investment).

**9. NET GAIN FROM INVESTMENTS MEASURED AT FVPL**

	30 June 2019 (unaudited)	30 June 2018 (unaudited)
Realized gain from sale of Investments measured at FVPL	7,152,923	7,217,577
Unrealized gain from revaluation of Investments measured at FVPL	(911,317)	(4,995,372)
	6,241,606	2,222,205

**10. LAST VALUATION DAY**

The last valuation day of the period was 30 June 2019.

**11. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements were approved by the Fund's Board of Directors on 26 dual alQidah 1440 (Corresponding to 29 July 2019G)