

Mulhia Investment Company
Mulhia IPO Fund

UNAUDITED INTERIM FINANCIAL STATEMENTS

30 JUNE 2015



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LIMITED REVIEW REPORT TO THE UNITHOLDERS OF MULKIA INVESTMENT COMPANY - MULKIA IPO FUND

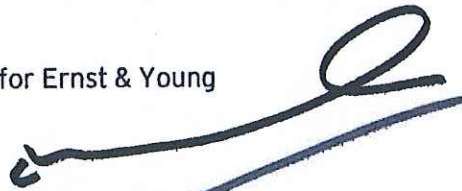
Scope of review

We have reviewed the accompanying interim balance sheet of Mulkia IPO Fund ("the Fund") managed by Mulkia Investment Company ("the Manager") as at 30 June 2015, and the related statements of operations, cash flows and changes in net assets for the period from 12 August 2014 to 30 June 2015 ("the period"). These interim financial statements are the responsibility of the Manager and have been prepared and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants ("SOCPA"). A limited review consists principally of applying analytical procedures to financial data 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 limited review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

for Ernst & Young


Ahmed I. Reda
Certified Public Accountant
Registration No. 356



Riyadh: 26 Shawwal 1436H
(11 August 2015)

15/198/HT

Mulkia Investment Company – Mulkia IPO Fund

INTERIM BALANCE SHEET- UNAUDITED

As at 30 June 2015

	<i>Note</i>	<i>SR</i>
ASSETS		
Bank balances		53,374,085
Trading investments	4	115,717,551
Dividends receivable		62,690
Prepayment and other receivables		26,122
		<hr/> 169,180,448 <hr/>
LIABILITIES		
Fee payables		774,096
		<hr/>
Net assets		168,406,352
		<hr/> <hr/>
Units in issue		14,446,934
		<hr/> <hr/>
Per unit value		11.66
		<hr/> <hr/>

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia IPO Fund

INTERIM STATEMENT OF OPERATIONS - UNAUDITED

For the period from 12 August 2014 to 30 June 2015

	<i>Note</i>	<i>SR</i>
INVESTMENT INCOME		
Trading income	5	26,648,425
Dividends and other income		1,411,559
Total Investment Income		<u>28,059,984</u>
EXPENSES		
Management fees	6	(2,124,913)
Custodian fees	6	(354,152)
General and administration		(132,608)
Total Expenses		<u>(2,611,673)</u>
NET INCOME FROM OPERATIONS		<u><u>25,448,311</u></u>

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia IPO Fund

INTERIM STATEMENT OF CASH FLOWS - UNAUDITED

For the period from 12 August 2014 to 30 June 2015

SR

OPERATING ACTIVITIES

Net income from operations	25,448,311
Adjustment for:	
Unrealised gain from trading investments	(11,536,347)
	<u>13,911,964</u>
Changes in operating assets and liabilities:	
Trading investments, net	(104,181,204)
Dividend receivables	(62,690)
Prepayment and other receivables	(26,122)
Fee payables	774,096
	<u>(89,583,956)</u>

FINANCING ACTIVITIES

Proceeds from units sold	232,972,450
Value of units redeemed	(90,014,409)
	<u>142,958,041</u>

BANK BALANCES AT THE END OF THE PERIOD

53,374,085

The attached notes 1 to 7 form of these interim financial statements.

Mulkia Investment Company – Mulkia IPO Fund

INTERIM STATEMENT OF CHANGES IN NET ASSETS - UNAUDITED

For the period from 12 August 2014 to 30 June 2015

SR

NET INCOME FROM OPERATIONS	25,448,311
CHANGES FROM UNIT TRANSACTIONS	
Proceeds from units sold	232,972,450
Value of units redeemed	(90,014,409)
Net change from unit transactions	142,958,041
NET ASSET AT THE END OF THE PERIOD	168,406,352

UNIT TRANSACTIONS

Transactions in units for the period ended 30 June are summarised as follows:

Units

Units sold	23,133,305
Units redeemed	(8,686,371)
UNITS AT THE END OF THE PERIOD	14,446,934

The attached notes 1 to 7 form of these interim financial statements.

30 June 2015

1 GENERAL

Mulkia Investment Company – Mulkia IPO Fund (the Fund) is an open-ended fund created by an agreement between Mulkia Investment Company (the Fund Manager) and investors (unit holders) in the Fund. The objective of the Fund is to increase the capital in medium and long term, by investing in the command log operations to put up shares of company in Saudi Stock Exchange and by investing in the shares of the companies which have not been listed for more than three (3) years in the Saudi stock exchange in accordance to the Sharia guidelines of the Fund and to achieve returns exceeding the return of Mulkia Investment IPO Index; by investing in the initial public offering (IPO) of the Saudi companies.

The Fund was established on 8 Ramadhan 1435 (corresponding to 6 July 2014) as per approval from the Capital Market Authority and commenced its operations on 12 August 2014.

The books and records of the Fund are maintained in Saudi Riyals (SAR).

The interim results may not be an indicator of the annual results of the operations.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the regulations) issued by CMA on 3 Dhul Hijjah 1427H (corresponding to 24 December 2006) detailing requirements for all funds operating within the Kingdom of Saudi Arabia.

3 SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with the accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

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

Accounting convention

The interim financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading investments.

Revenue recognition

Trading income includes unrealised gains and losses from changes in fair value, realised gains and losses from sale of trading investments and dividends declared. Realised gains and losses on trading investments sold are determined on a weighted average cost basis.

Unrealised gains and losses on the revaluation of investments and realised gains and losses on the disposal of investments are recognised in the statement of operations.

Dividend income is recognised when declared (i.e. when the Fund’s right to receive the dividend is established).

Investment valuation

Investments which are purchased for trading purposes are valued at their market price as at the interim balance sheet date.

Investment transactions

Investments transactions are accounted for as of the trade date.

Zakat and income tax

Zakat and income tax are considered to be the obligation of the unit holders and are not provided for in these interim financial statements.

30 June 2015

4 TRADING INVESTMENTS

Trading investments comprise the following sectors:

	<i>% of total market value</i>	<i>Market value SAR</i>
Transports	25.7%	29,749,471
Retail	15.6%	18,152,964
Agriculture and food industry	9.7%	11,210,816
Cement	9.2%	10,622,860
insurance	4.4%	5,061,788
Construction	2.0%	2,278,370
	<hr/>	<hr/>
Total preliminary proposals and newly listed stocks	66.6%	77,076,269
	<hr/>	<hr/>
Public funds	20.3%	23,543,472
Money market instruments, and Murabaha funds	13.1%	15,097,810
	<hr/>	<hr/>
	100%	115,717,551
	<hr/>	<hr/>

5 TRADING INCOME

	SR
Realised gain from trading investments	15,112,078
Unrealised gain from trading investments	11,536,347
	<hr/>
	26,648,425
	<hr/>

6 TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee calculated at an annual rate of 1.5% of the net asset value at the end of each day and is paid on a quarterly basis.

Additionally, the Fund Manager also charges a custodian fee calculated at an annual rate of 0.25% of the net asset value, calculated daily and paid on a quarterly basis by the fund. Expenses paid by the Fund Manager on behalf of the Fund are reimbursed by the Fund.

The management fee and custodian fee are charged according to the fund's terms and condition.

Trade transactions on the Saudi stock exchange are executed through the Fund Manager.

The unit holders' account at 30 June 2015 included 2,000,000 units held by the Fund Manager.

7 LAST VALUATION DAY

The last valuation day for the purpose of presentation of the interim financial statements was 30 June 2015.