



RSM Allied Accountants
Dr. Abdelgadir Bannaga & Partners Co.

Mulkia IPO Fund
(Managed by Mulkia Investment Company)
Unaudited Interim Financial Statements
For The Six-Month period ended 30 June 2017
With Limited Review Report

Mulkia IPO Fund
Interim Financial Statements and Limited Review Report
For The Six-Month period ended 30 June 2017

Description	Page
Limited Review Report	-
Interim Balance Sheet	2
Interim Income Statement	3
Interim Statement of Cash flows	4
Interim Statement of Changes in Net Assets	5
Notes to the interim financial statements	6-8

RSM Allied Accountants

Dr. Abdelgadir Bannaga & Partners Co.

King Abdullah Road
Alsaif Center - Third Floor
P.O. Box 2227, Riyadh 12253-7749
Tel.: +966 11 4562974
Fax: +966 11 4940587
Kingdom of Saudi Arabia
www.rsmksa.com

Limited Review Report For Interim Financial Statements

To The Unitholders of 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 2017, and the related interim statements of income, cash flows and change in net assets for the six-month period ended and the notes from (1) to (8) considered an integral part of these interim financial statements. These interim financial statements are responsibility of the Fund's management and have been prepared by them 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.

RSM Allied Accountants

Dr. Abdelgadir Bannaga and Partners Company



Mohammed Al Nader

License No. 435

4 Dhul Qadah 1438 H (27 July 2017)

Riyadh, Saudi Arabia



Mulkia IPO Fund
Interim Balance Sheet (Unaudited)
As at 30 June 2017

	<u>Note</u>	2017 (Unaudited) SR	2016 (Unaudited) SR
<u>Assets</u>			
Cash at Banks		540,973	22,573,328
Trading Investments	4	45,632,112	48,778,706
Prepayments		27,916	37,915
Dividends receivable		-	243,280
Total Assets		46,201,001	71,633,229
<u>Liabilities</u>			
Fees Payables	6	216,641	309,273
Accrued expenses		44,120	40,098
Total Liabilities		260,761	349,371
Net assets		45,940,240	71,283,858
Units in issue		4,840,589	6,775,828
Per unit value		9.49	10.52

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia IPO Fund
Interim Income Statement (Unaudited)
For the six-month period ended 30 June 2017

	<u>Note</u>	For the six- month period ended 30 June 2017 (Unaudited) SR	For the six- month period ended 30 June 2016 (Unaudited) SR
<u>Investment income</u>			
Trading (loss) / income, Net	5	(2,727,661)	376,158
Dividend income		<u>215,677</u>	<u>491,471</u>
		(2,511,984)	867,629
<u>Expenses</u>			
Managements fees	6	(399,651)	(513,273)
Custodian fees	6	(66,609)	(85,546)
Other administrative expenses		<u>(82,114)</u>	<u>(84,315)</u>
Total Expenses		<u>(548,374)</u>	<u>(683,134)</u>
Net (Loss) Income from Operations		<u>(3,060,358)</u>	<u>184,495</u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia IPO Fund
Interim Statement of Cash flows (Unaudited)
For the six-month period ended 30 June 2017

	For the six- month period ended 30 June 2017 (Unaudited) SR	For the six- month period ended 30 June 2016 (Unaudited) SR
Operating activities		
Net (Loss) income from operations	(3,060,358)	184,495
Adjustments to reconcile net (loss) income from operations with net cash (used in) from operating activities:		
Unrealized losses (gains) on trading investments	2,205,167	(1,735,525)
	(855,191)	(1,551,030)
Change in operating assets and liabilities		
Trading investments	(9,899,850)	10,869,119
Dividends receivable	-	(243,280)
Prepayments	(5,582)	(15,711)
Fees Payables	(47,864)	(306,957)
Accrued expenses	24,120	20,098
Net cash (used in) from operating activities	(10,784,367)	8,772,239
Financing Activities		
Proceeds from sale of units	51,188	15,065,000
Value of units redeemed	(9,482,707)	(21,222,158)
Net cash used in financing activities	(9,431,519)	(6,157,158)
Net (decrease) increase in cash at banks	(20,215,886)	2,615,081
Cash at banks at the beginning of the period	20,756,859	19,958,247
Cash at banks at the end of the period	540,973	22,573,328

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia IPO Fund
Interim Statement of Changes in Net Assets (Unaudited)
For the six-month period ended 30 June 2017

	For the six- month period ended 30 June 2017 (Unaudited) SR	For the six- month period ended 30 June 2016 (Unaudited) SR
Net assets at the beginning of the period	<u>58,432,117</u>	<u>77,256,521</u>
Net (loss) income from operations	<u>(3,060,358)</u>	<u>184,495</u>
Change from units transactions		
Proceeds from sale of units	51,188	15,065,000
Value of units redeemed	<u>(9,482,707)</u>	<u>(21,222,158)</u>
Net change from units transactions	<u>(9,431,519)</u>	<u>(6,157,158)</u>
Net assets at the end of the period	<u>45,940,240</u>	<u>71,283,858</u>

Units Transactions

Transactions in units are summarized as follows:

	For the six- month period ended 30 June 2017 (Unaudited) Units	For the six- month period ended 30 June 2016 (Unaudited) Units
Units at the beginning of the period	5,827,341	7,504,557
Units sold	5,227	1,443,069
Units redeemed	<u>(991,979)</u>	<u>(2,171,798)</u>
Net decrease in units	<u>(986,752)</u>	<u>(728,729)</u>
Units at the end of the period	<u>4,840,589</u>	<u>6,775,828</u>

The accompanying notes 1 to 8 form an integral part of these interim financial statements

Mulkia IPO Fund

Notes to the interim financial statements (Unaudited)

For the six-month period ended 30 June 2017

1- Fund Activities

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 achieve growth in the capital in medium and long term, by investing in the book building of initial public offerings (IPOs) in Saudi Stock Exchange and by investing in the shares of the companies which have been listed for less than three (3) years in the Saudi stock exchange in accordance to the Sharia guidelines, and to achieve return higher than the performance of Benchmark Index (Ideal Ratings Saudi IPO Legitimacy).

The Fund was approved 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 fund is managed by Mulkia Investment Company. The books and records of the Fund are maintained in Saudi Riyals (SAR).

2- Regulating authority

The Fund is governed by the Amended Investment Fund Regulations (the regulations) issued by CMA on 16 Sha'ban 1437 H (corresponding to 23 May 2016) detailing requirements for all funds operating within the Kingdom of Saudi Arabia.

3- Significant accounting policies

The significant accounting policies used in the preparation of these interim financial statements are consistent with those used and disclosed in the financial statements for the year ended 31 December 2016.

The significant accounting policies adopted 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

- Dividend income

Dividend income is recognized when declared (when the Fund's right to receive the dividend is established).

- Trading income

Trading income includes unrealized gains and losses from changes in fair value, realized gains and losses from sale of trading investments. Realized gains and losses on trading investments sold are determined on a weighted average cost basis.

Mulkia IPO Fund

Notes to the interim financial statements (continued) (Unaudited)

For the six-month period ended 30 June 2017

3- Significant accounting policies (continued)

Investment valuation

Investments which are purchased for trading purposes are valued at their market price as at the valuation date. Investments in mutual funds are valued on basis of net asset values published by the fund manager. Unrealized gains and losses on the revaluation of investments and realized gains and losses on the disposal of investments are recognized in the interim income statement.

Investment in open ended funds which are purchased for trading purposes are valued at their net asset value (unit price), which are published on Saudi stock exchange (Tadawul), as at the valuation 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.

Foreign Currencies

Transactions in foreign currencies are translated into Saudi Riyals (SAR) at the rates of exchange prevailing at the dates of the transaction. Assets and liabilities in foreign currencies at the balance sheet date are retranslated into Saudi Riyals (SAR) at the rates of exchange ruling at that date. Resulting exchange gains and losses are recognized in the interim income statement.

Expenses

Expenses are recognized on an accrual basis. The management fee and custody fee, payable quarterly in arrears, is calculated and accrued at each valuation date based on the fund's net assets value.

4- Trading Investments

The composition of the trading investments portfolio on the interim balance sheet date is summarized as follows:

	As at 30 June 2017 (Unaudited)			
	% of Market Value	Cost SR	Market Value SR	Unrealized gain SR
A: Equity investments				
Transportation Services	%15	7,676,446	6,727,654	(948,792)
Tourism	%14	7,113,559	6,471,707	(641,852)
Health Care	%10	5,734,474	4,440,654	(1,293,820)
Industrial	%8	4,173,813	3,905,509	(268,304)
Real-Estate	%5	1,797,974	2,209,320	411,346
Banks and financial services	%4	1,916,791	1,797,615	(119,176)
	%56	28,413,057	25,552,459	(2,860,598)
B: Funds				
Open ended Murabaha funds	%44	19,424,222	20,079,653	655,431
Total Investments	%100	47,837,279	45,632,112	(2,205,167)

Mulkia IPO Fund
Notes to the interim financial statements (continued) (Unaudited)
For the six-month period ended 30 June 2017

5- Trading (loss) / income, Net

	For the six-month period ended 30 June 2017 (Unaudited)	For the six-month period ended 30 June 2016 (Unaudited)
	SR	SR
Realized losses from sale of trading investments, net	(522,494)	(1,359,367)
Unrealized (loss) gain on trading investments	(2,205,167)	1,735,525
	(2,727,661)	376,158

6- Transactions with related parties

Significant related party transactions during the period and balances arising therefrom are described as follows:

<u>Related Party</u>	<u>Nature of transactions</u>	Amount of transactions for the six-month period ended 30 June 2017 (Unaudited)	Balances at 30 June 2017
		SR	SR
Mulkia Investment Company	Management fees	399,651	185,692
	Custody fees	66,609	30,949
			216,641

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 2017 included 557,053 units held by the Fund Manager and 12,014 units held by the employees (and their dependents) of the fund manager.

7- Last valuation day

The last valuation day was 22 June 2017 (2016: 30 June 2016)

8- General

The figures in these interim financial statements are rounded to the nearest Saudi Riyal.