



**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 2016  
With Limited Review Report

**Mulkia IPO Fund**  
**Interim Financial Statements and Limited Review Report (Unaudited)**  
**For The Six-Month period ended 30 June 2016**

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## RSM Allied Accountants

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## Limited Review Report For Interim Financial Statements

### To The Unitholders of Mulkia IPO Fund

#### Scope of Review

We have reviewed the accompanying balance sheet of Mulkia IPO Fund ("The Fund") managed by Mulkia Investment Company ("The Manager") as at 30 June 2016, 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

29 Shawal 1437H (August 3, 2016)

Riyadh, Saudi Arabia



#### Audit | Tax | Consulting

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**Mulkia IPO Fund**  
**Interim Balance Sheet (Unaudited)**  
**As at 30 June 2016**

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	<u>Note</u>	<u>2016</u> <u>SR</u>	<u>2015</u> <u>SR</u>
<b><u>Assets</u></b>			
Cash at Banks		22,573,328	53,374,085
Trading Investments, Net	4	48,778,706	115,717,551
Dividends receivable		243,280	62,690
Prepayments		37,915	26,122
<b>Total Assets</b>		<b>71,633,229</b>	<b>169,180,448</b>
<b><u>Liabilities</u></b>			
Fees Payables	6	309,273	728,385
Accrued expenses		40,098	45,711
<b>Total Liabilities</b>		<b>349,371</b>	<b>774,096</b>
<b>Unitholder's Funds</b>			
Net assets		71,283,858	168,406,352
Units in issue		6,775,828	14,446,934
Per unit value		10.52	11.66

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 2016**

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	<u>Note</u>	<u>2016</u> <u>SR</u>	The period from 12 August 2014 to 30 June 2015 <u>SR</u>
<b><u>Income</u></b>			
Trading income, Net	5	376,158	26,648,425
Dividend income		<u>491,471</u>	<u>1,411,559</u>
		867,629	28,059,984
<b><u>Expenses</u></b>			
Managements fees	6	(513,273)	(2,124,913)
Custodian fees	6	(85,546)	(354,152)
Other expenses		<u>(84,315)</u>	<u>(132,608)</u>
<b>Total Expenses</b>		<u>(683,134)</u>	<u>(2,611,673)</u>
<b>Net Income from Operations</b>		<u><u>184,495</u></u>	<u><u>25,448,311</u></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 2016**

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	2016 SR	The period from 12 August 2014 to 30 June 2015 SR
	<u>                    </u>	<u>                    </u>
<b>Operating activities</b>		
Net income from operations	184,495	25,448,311
Adjustments for:		
Movement in unrealized gains on trading investments, Net	<u>(3,640,902)</u>	<u>(11,536,347)</u>
	<u>(3,456,407)</u>	<u>13,911,964</u>
 <b>Change in operating assets and liabilities</b>		
Trading investments	12,774,496	(104,181,204)
Dividends receivable	(243,280)	(62,690)
Prepayments	(15,711)	(26,122)
Fees Payables	(306,957)	728,385
Accrued expenses	<u>20,098</u>	<u>45,711</u>
<b>Net cash from (used in) operating activities</b>	<u>8,772,239</u>	<u>(89,583,956)</u>
 <b>Financing Activities</b>		
Proceeds from sale of units	15,065,000	232,972,450
Value of units redeemed	<u>(21,222,158)</u>	<u>(90,014,409)</u>
<b>Net cash (used in) from financing activities</b>	<u>(6,157,158)</u>	<u>142,958,041</u>
 <b>Net increase in cash at banks</b>	<b>2,615,081</b>	<b>53,374,085</b>
Cash at banks at the beginning of the period	<u>19,958,247</u>	<u>-</u>
<b>Cash at banks at the end of the period</b>	<u><u>22,573,328</u></u>	<u><u>53,374,085</u></u>

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 2016**

	<b>2016</b>	The period from
	<b>SR</b>	12 August 2014
	<u>SR</u>	to 30 June 2015
		<u>SR</u>
Net assets at the beginning of the period	<b>77,256,521</b>	-
Net income from operations	<b>184,495</b>	25,448,311
<b>Change from units transactions</b>		
Proceeds from sale of units	<b>15,065,000</b>	232,972,450
Value of units redeemed	<b>(21,222,158)</b>	(90,014,409)
Net change from units transactions	<b>(6,157,158)</b>	142,958,041
<b>Net assets at the end of the period</b>	<b><u>71,283,858</u></b>	<u>168,406,352</u>

**Units Transactions**

Transactions in units are summarized as follows:

	<b>2016</b>	The period from
	<b>Units</b>	12 August 2014
	<u>Units</u>	to 30 June 2015
		<u>Units</u>
Units at the beginning of the period	<b>7,504,557</b>	-
Units sold	<b>1,443,069</b>	23,133,305
Units redeemed	<b>(2,171,798)</b>	(8,686,371)
Net (decrease) increase in units	<b>(728,729)</b>	14,446,934
<b>Units at the end of the period</b>	<b><u>6,775,828</u></b>	<u>14,446,934</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 2016**

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#### **1- General**

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 book building of initial public offerings (IPOs) 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, and to achieve return higher than the performance of Benchmark Index (Ideal Ratings Saudi IPO Legitimacy).

The fund is managed by Mulkia Investment Company.

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 indicative 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 1427 H (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 consistent with those used and disclosed in the annual financial statements for the period from 12 August 2014 to 31 December 2015.

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

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

Special commission income is recognized on an accruals basis.



## Mulkia IPO Fund

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

For the six-month period ended 30 June 2016

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### 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 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 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, Net

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

	As at 30 June 2016		
	% of Market Value	Cost SR	Market Value SR
<b>A: Equity investments</b>			
Building & Construction	5%	2,555,282	2,464,648
Transport	11%	5,443,414	5,073,600
Retail	17%	7,925,063	8,421,137
	<u>33%</u>	<u>15,923,759</u>	<u>15,959,385</u>
<b>B: Funds</b>			
Open ended Murabaha funds	56%	27,015,472	27,454,411
Open ended IPO funds	11%	7,575,000	5,364,910
Total Investments	<u>100%</u>	<u>50,514,231</u>	<u>48,778,706</u>

**Mulkia IPO Fund**  
**Notes to the interim financial statements (continued) (Unaudited)**  
**For the six-month period ended 30 June 2016**

**5- Trading Investments, Net**

	<b>2016</b>	The period from 12
	<b>SR</b>	August 2014 to 30
		June 2015
	<b>SR</b>	<b>SR</b>
Realized (losses) gains from sale of trading investments, net	<b>(3,264,744)</b>	15,112,078
Movement in unrealized gain on trading investments	<b>3,640,902</b>	11,536,347
	<b>376,158</b>	26,648,425

**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>	<b>Amount of transactions for the six-month period ended 30 June 2016</b>	<b>Balances at 30 June 2016</b>
		<b>SR</b>	<b>SR</b>
Mulkia Investment Company	Management fees	513,273	265,091
	Custody fees	85,546	44,182
			<u>309,273</u>

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 2016 included 1,856,936 units held by the Fund Manager and 39,175 units held by the employees (and their dependents) of the fund manager, fund board member also holds 50,000 units in the fund as at 30 June 2016.

**7- Last valuation day**

The last valuation day was 30 June 2016 (2015: 30 June 2015)

**8- General**

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