

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
Interim Financial Statements
For the six month period ended 30 June 2016
together with the
Review Report to the Unitholders

Licence No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REVIEW REPORT **ON THE INTERIM FINANCIAL STATEMENTS**

**To: The Unit-Holders of
Wasatah IPO Fund
Riyadh, Kingdom of Saudi Arabia**

Scope of review

We have reviewed the accompanying interim balance sheet of **Wasatah IPO Fund** (the “Fund”) managed by **Wasatah Capital** (the “Fund Manager”) as at 30 June 2016, the related interim statements of income, cash flows and changes in net assets attributable to Unit-Holders for the six-month period then ended and the notes from 1 through 12, which form an integral part of these interim financial statements. These interim financial statements are the responsibility of the Fund Manager and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information 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.

Review conclusion

Based on our 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 the accounting standards generally accepted in the Kingdom of Saudi Arabia.

Emphasis of matter

We draw attention to note 1 to the accompanying interim financial statements which explains that the Fund started its operations on 1 March 2015 and the first financial period of the fund per the terms and conditions of the Fund was from 1 March 2015 to 31 December 2015. Therefore, the comparative figures presented in these interim financial statements are un-reviewed and are based on management accounts.

**For KPMG Al Fozan & Partners
Certified Public Accountants**

Khalil Ibrahim Al Sedaïs
License No. 371



Date: 6 Dhual-Qa'Dah 1437H
Corresponding to: 9 August 2016G

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
INTERIM BALANCE SHEET (Un-audited)
As at 30 June 2016
(Saudi Arabian Riyals)

<u>ASSETS</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	6	28,401,513	172,700,288
Held for trading investments	7	46,994,775	70,249,464
Other receivable	8	332,938	86,014
Total assets		75,729,226	243,035,766
<u>LIABILITIES</u>			
Management and custody fees	9	497,385	740,665
Board of Directors' fee	9	11,967	8,022
Accrued expenses		27,269	22,353
Total liabilities		536,621	771,040
Net assets value attributable to unitholders		75,192,605	242,264,726
Units in issue (numbers)		77,127	217,166
Net assets value - per unit		974.92	1,115.57

The accompanying notes (1) through (12) form an integral part of these interim financial statements.

These interim financial statements shown in the pages from 1 to 9 have been approved by the Board of Directors of the Fund on __/__/__ and signed on their behalf by:



Chief Executive Officer



Division Head - Asset Management

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
INTERIM STATEMENT OF INCOME (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

	<u>Note</u>	<u>2016</u>	For the period from 1 March 2015 to 30 June 2015
<u>INCOME</u>			
Unrealized gain on investments, net		199,329	7,241,767
Realized gain on investments, net		3,742,361	4,290,842
Dividend income		1,074,925	288,915
Other income		119,122	5,212
		<u>5,135,737</u>	<u>11,826,736</u>
<u>EXPENSES</u>			
Management fee	9	(879,798)	(599,586)
Custody fee	9	(207,014)	(141,079)
Board of Directors' fee, net	9	(11,967)	(8,022)
Other operating expenses	10	(33,374)	(22,353)
Total expenses		<u>(1,132,153)</u>	<u>(771,040)</u>
NET PROFIT FOR THE PERIOD		<u>4,003,584</u>	<u>11,055,696</u>

The accompanying notes (1) through (12) form an integral part of these interim financial statements.

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
INTERIM STATEMENT OF CASH FLOWS (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

	<u>2016</u>	For the period from 1 March 2015 to 30 June <u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	4,003,584	11,055,696
<i>Adjustment to reconcile net loss for the period to net cash generated from operating activities</i>		
<i>Realised gain on held for trading investments</i>	(3,742,361)	(4,290,842)
<i>Unrealised gain on held for trading investments</i>	(199,329)	(7,241,767)
Changes in operating assets and liabilities:		
Purchase of held for trading investments	(172,919,409)	(103,098,607)
Proceeds from disposal of held for trading investments	198,854,074	44,381,752
Other receivable	6,313,393	(86,014)
Management and custody fees	(202,582)	740,665
Board of Directors' fee	3,846	8,022
Accrued expenses	(36,136)	22,353
Net cash generated by/(used in) operating activities	<u>32,075,080</u>	<u>(58,508,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of units	34,495,947	256,457,769
Payments for redemption of units	(87,565,526)	(25,248,739)
Net cash (used in)/generated by financing activities	<u>(53,069,579)</u>	<u>231,209,030</u>
Net (decrease)/increase in cash and cash equivalents	(20,994,499)	172,700,288
Cash and cash equivalents at beginning of the period	49,396,012	--
Cash and cash equivalents at end of the period	<u>28,401,513</u>	<u>172,700,288</u>

The accompanying notes (1) through (12) form an integral part of these interim financial statements.

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
INTERIM STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

	<u>2016</u>	For the period from 1 March 2015 to 30 June <u>2015</u>
Net assets value at beginning of the period	124,258,600	--
Add: Subscriptions during the period	34,495,947	256,457,769
Less: Redemptions during the period	(87,565,526)	(25,248,739)
Net profit	4,003,584	11,055,696
Net assets value at end of the period	<u>75,192,605</u>	<u>242,264,726</u>
 Units at beginning of the period	 131,460	 --
Add: Units subscribed	37,640	242,339
Less: Units redeemed	(91,973)	(25,173)
Net (decrease)/increase in units	(54,333)	217,166
Units at end of the period	<u>77,127</u>	<u>217,166</u>

The accompanying notes (1) through (12) form an integral part of these interim financial statements.

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

1. GENERAL

Wasatah IPO Fund (the "Fund") is an investment fund established and managed through an agreement between Wasatah Capital (the "Fund Manager") and the Fund Investors (the "Unitholders"). The Fund commenced its operations on March 01, 2015.

Wasatah IPO Fund is a Shariah Complaint open-ended Fund that aims to achieve mid to long-term capital appreciation and provide its investors with absolute returns. The Fund primarily invests in Initial Public Offerings ("IPOs"), stocks listed within the last three years on the Saudi Stock Exchange ("Tadawul"). The Fund invests in tradable rights (including rump offerings) of stocks listed within the last five years on Tadawul.

The Capital Market Authority's ("CMA") approval for the establishment of the Fund was granted in its letter number 15/931/5/3 dated Raby' al-awal 29, 1436 H (corresponding to January 20, 2015). The Fund commenced its operations on March 01, 2015 (the date of inception).

The Fund Manager charges each investor a subscription fee for a percentage not to exceed 1.50% of subscribed amount. Subscription fee is not included in these financial statements.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, the unitholders are considered to be owners of the assets of the Fund.

The Fund started its operations on 1 March 2015 and the first financial period of the fund per the terms and conditions of the Fund was from 1 March 2015 to 31 December 2015. Therefore, the comparative figures as at 30 June 2015 presented in these interim financial statements are un-reviewed and are based on management accounts.

The address of the Fund Manager is as follows:

Wasatah Capital
P. O. Box 50315
Riyadh 11523
Kingdom of Saudi Arabia

2. REGULATING AUTHORITY

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

3. SUBSCRIPTION / REDEMPTION (DEALING DAY AND VALUATION DAY)

The Fund is open for subscriptions / redemptions of units on each Monday and Wednesday (each a "Dealing Day"). The value of the Fund's portfolio is determined on each business day (each 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.

4. BASIS OF PREPARATION

4.1 Statement of compliance

These interim financial statements have been presented in accordance with the requirements of accounting standards on financial reporting issued by the Saudi Organization of Certified Public Accountants (the "SOCPA").

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

4. BASIS OF PREPARATION (continued)

4.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention, except for held for trading investments that are measured at fair value, using accrual basis of accounting and the going concern concept.

4.3 Functional and presentation currency

These interim financial statements have been presented in Saudi Arabian Riyals (SR), which is the functional currency of the Fund. All financial information presented in SR has been rounded to the nearest Saudi Arabian Riyal.

4.4 Use of estimates and judgement

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and future years affected.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies applied in the preparation of these interim financial statements are consistent with those used and disclosed in the annual financial statements for the year ended December 31, 2015. Risk management policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2015.

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-audited)
For the six month period ended 30 June 2016
(Saudi Arabian Riyals)

6. CASH AND CASH EQUIVALENTS

	2016	2015
Cash at bank	8,401,513	152,700,288
Murabaha placement with a bank - original maturities of three months or less	20,000,000	20,000,000
	<u>28,401,513</u>	<u>172,700,288</u>

The effective commission rate on murabaha deposit as at 30 June 2016 was 2.6% per annum (30 June 2015: 0.5%).

7. HELD FOR TRADING INVESTMENTS

The sector-wise composition of investment held for trading is summarized as follows:

<u>Sector</u>	<u>Cost</u>	<u>Market value</u>	<u>% of market value</u>
		2016	
Retail	19,985,765	19,399,195	41%
Transport	12,897,076	14,496,000	31%
Real estate	2,395,219	2,340,880	5%
Building and construction	7,517,386	6,758,700	14%
Fund	4,000,000	4,000,000	9%
	<u>46,795,446</u>	<u>46,994,775</u>	<u>100%</u>
<u>Sector</u>	<u>Cost</u>	<u>Market value</u>	<u>% of market value</u>
		2015	
Retail	9,232,636	9,514,718	13%
Transport	19,859,925	27,404,127	39%
Hotel and tourism	2,560,290	2,701,728	4%
Industrial investment	3,876,678	4,012,406	6%
Cement	7,511,441	7,320,759	10%
Agriculture and Food Industries	8,317,088	8,327,834	12%
Building and construction	11,649,639	10,967,892	16%
	<u>63,007,697</u>	<u>70,249,464</u>	<u>100%</u>

8. OTHER RECEIVABLES

Other receivable represents amount receivable as profit from murabaha placed with Arab National Bank and Al Bilad Bank.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-audited)
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9. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Fund transacts with its related parties. The Fund Manager, its employees and the Fund's Board of Directors are considered to be related parties of the Fund.

The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager can also enter into arrangements with other institutions for the provision of investment, custody or other administrative services on behalf of the Fund. The Fund Manager charges the Fund with a management fee and custody fee of 1.70% and 0.40% per annum of the Fund's 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 annual board compensation is subject to a maximum of SR 24,000 for all the Board members.

The unit holders' account at 30 June included units held as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Units</u> <u>(in</u> <u>numbers)</u>	<u>Net Asset</u> <u>Value</u> <u>SAR</u>	<u>Units</u> <u>(in</u> <u>numbers)</u>	<u>Net Asset</u> <u>Value</u> <u>SAR</u>
Held by the Fund Manager	20,000.00	19,498,304	20,000.00	22,311,453
Held by members of the Board of Directors of the Fund	19.91	19,411	794.92	886,791
Held by employees of the Fund Manager	236.77	230,826	1,532.94	1,710,109
	20,256.68	19,748,541	22,327.86	24,908,353

During the period ended June 30, 2016, the above-mentioned unit holders' have subscribed and redeemed units amounting to SR 1.15 million (2015: SR 22.641 million) and SR 1.229 million (2015: SR 0.208 million), respectively.

Related party transactions for the period ended 30 June 2016 and balances arising there from are described as under:

<u>Related party</u>	<u>Nature of transactions</u>	<u>Amount of transaction during the period</u>		<u>Closing balance payable</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Wasatah Capital	Management fee	<u>879,798</u>	<u>599,586</u>	<u>402,392</u>	<u>599,586</u>
	Custody fee	<u>207,014</u>	<u>141,079</u>	<u>94,993</u>	<u>141,079</u>
Board of Directors	Annual remuneration	<u>11,967</u>	<u>8,022</u>	<u>11,967</u>	<u>8,022</u>

WASATAH IPO FUND
(MANAGED BY WASATAH CAPITAL)
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Un-audited)
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(Saudi Arabian Riyals)

10. OTHER OPERATING EXPENSES

	<u>2016</u>	<u>2015</u>
Benchmark calculation fee	12,154	8,147
CMA monitoring and reviewing fees	6,233	4,178
Other expenses	14,987	10,028
	<u>33,374</u>	<u>22,353</u>

11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

Financial instruments consist of financial assets and financial liabilities. The Fund's financial assets consist of cash & bank balances and held for trading investments and financial liabilities consist of management and custody fees, Board of Directors' fee and certain accrued expenses.

For investments traded in an active market, fair value is determined by reference to quoted market prices. The fair values of other financial instruments are not materially different from their carrying values.

12. LAST VALUATION DAY

The last valuation day of the period was 30 June 2016.