

WASATAH IPO FUND
Managed by
WASATAH CAPITAL
Interim Financial Statements Unaudited
FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2017
together with the
INDEPENDENT AUDITOR'S REVIEW REPORT

WASATAH IPO FUND
Managed by Wasatah Capital
**UNAUDITED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**
For the six-months period ended 30 June 2017

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REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To **The Unitholders 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 Al Wasatah Al Maliah Company (Wasatah Capital) (the "Fund Manager") as at 30 June 2017 and the interim statements of income, cash flows and changes in net assets attributable to unitholders for the six-months period then ended and the related notes 1 through 14 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 in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) and submitted to us together with all the information and explanations which we required.

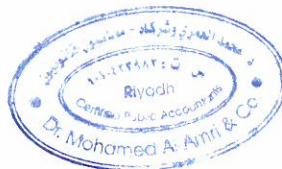
We conducted our review in accordance with the Standard on Review of Interim Financial Reporting issued by SOCPA. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia, 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 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 issued by SOCPA.

For Dr. Mohamed Al-Amri & Co.,

Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362



August 2, 2017 (G)
Dhul Qa'ada 10, 1438 (H)

WASATAH IPO FUND
Managed by Wasatah Capital
INTERIM BALANCE SHEET (Unaudited)
As at 30 June 2017
(Saudi Riyals)

	<u>Notes</u>	<u>30 June 2017</u>	<u>30 June 2016</u>
<u>ASSETS</u>			
Cash and cash equivalents	7	21,251,484	28,401,513
Held for trading investments	8	28,486,031	46,994,775
Other receivable	9	206,000	332,938
Total assets		49,943,515	75,729,226
<u>LIABILITIES</u>			
Management and custody fee	10	268,734	497,385
Board of Directors' fee	10	11,901	11,967
Accrued expenses		25,920	27,269
Total liabilities		306,555	536,621
Net assets value attributable to unitholders		49,636,960	75,192,605
Units in issue (<i>Numbers</i>)		53,994	77,127
Net assets value - per unit (Saudi Riyals)		919.31	974.92

The accompanying notes 1 to 13 form an integral part of these financial statements.

WASATAH IPO FUND
Managed by Wasatah Capital
INTERIM STATEMENT OF INCOME (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

	<u>Notes</u>	<u>30 June 2017</u>	<u>30 June 2016</u>
<u>INCOME</u>			
Unrealized (loss)/ gain on investments, net		(1,618,081)	199,329
Realized (loss)/ gain on investments, net		(2,142,449)	3,742,361
Dividend income		806,039	1,074,925
Other income		27,206	119,122
		<u>(2,927,285)</u>	<u>5,135,737</u>
<u>EXPENSES</u>			
Management fee	<i>10</i>	439,099	879,798
Custody fee	<i>10</i>	103,319	207,014
Board of Directors' fee	<i>10</i>	11,901	11,967
Other operating expenses	<i>11</i>	33,163	33,374
Total expenses		<u>(587,482)</u>	<u>(1,132,153)</u>
NET (LOSS)/ INCOME FOR THE PERIOD		<u>(3,514,767)</u>	<u>4,003,584</u>

The accompanying notes 1 to 13 form an integral part of these financial statements.

WASATAH IPO FUND
Managed by Wasatah Capital
INTERIM STATEMENT OF CASH FLOWS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

	<u>30 June 2017</u>	<u>30 June 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ income for the period	(3,514,767)	4,003,584
<i>Adjustment for:</i>		
Unrealized loss / (gain) on held for trading investments	1,618,081	(199,329)
Realized loss / (gain) on held for trading investments	2,142,449	(3,742,361)
Changes in operating assets and liabilities:		
Purchase of held for trading investments	(10,553,763)	(172,919,409)
Proceeds from disposal of held for trading investments	19,144,616	198,854,074
Other receivable	(109,733)	6,313,393
Management and custody fee	(41,795)	(202,582)
Board of Directors' fee	5,852	3,846
Accrued expenses	(22,841)	(36,136)
Redemption payable	(2,250,591)	-
Net cash generated by operating activities	<u>6,417,508</u>	<u>32,075,080</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of units	-	34,495,947
Payments for redemption of units	(3,325,614)	(87,565,526)
Net cash used in financing activities	<u>(3,325,614)</u>	<u>(53,069,579)</u>
Net increase/ (decrease) in cash and cash equivalents	3,091,894	(20,994,499)
Cash and cash equivalents at beginning of the period	18,159,590	49,396,012
Cash and cash equivalents at end of the period	<u>21,251,484</u>	<u>28,401,513</u>

The accompanying notes 1 to 13 form an integral part of these financial statements.

WASATAH IPO FUND
Managed by Wasatah Capital
INTERIM STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

	<u>30 June 2017</u>	<u>30 June 2016</u>
Net assets value at beginning of the period	56,477,341	124,258,600
Add: Subscriptions during the period	-	34,495,947
Less: Redemptions during the period	(3,325,614)	(87,565,526)
Net (loss) / income	(3,514,767)	4,003,584
Net assets value at end of the period	<u>49,636,960</u>	<u>75,192,605</u>
UNITS TRANSACTIONS	<u>Numbers</u>	
Units at beginning of the period	57,518	131,460
Add: Units issued during the period	-	37,640
Less: Units redeemed during the period	(3,524)	(91,973)
Net decrease in units	(3,524)	(54,333)
Units at end of the period	<u>53,994</u>	<u>77,127</u>

The accompanying notes 1 to 13 form an integral part of these financial statements.

WASATAH IPO FUND
Managed by Wasatah Capital
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

Wasatah IPO Fund (the "Fund") is a Shariah compliant open-ended Fund established and managed through an agreement between Al Wasatah Al Maliah Company (the "Fund Manager") and the Fund Investors (the "Unitholders").

Wasatah IPO Fund 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") and 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 ("CMA") granted its approval for the establishment of the Fund in its letter number 15/931/5/3 dated 29 Rabi al-awwal 1436 H (corresponding to 20 January 2015 G). The Fund commenced its operations on 10 Jumada al-ula 1436 H (corresponding to March 01, 2015 G).

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

2. REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations ("the Regulations") published by Capital Market Authority ("CMA") on 3 Dhul Hajj 1427 H (corresponding to 24 December 2006 G) thereafter amended ("the amended regulation") on 16 Sha'ban 1437 H (corresponding to 23 May 2016 G), detailing requirement for all funds within the Kingdom of Saudi Arabia. The amended regulations came into effect from 6 Safar 1438 H (corresponding to 6 November 2016 G).

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

a) *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").

b) *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.

WASATAH IPO FUND
Managed by Wasatah Capital
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

BASIS OF PREPARATION (continued)

d) *Functional and presentation currency*

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

e) *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 and risk management policies used 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, 2016.

6. MANAGEMENT FEE AND CUSTODIAN CHARGES

The Fund Manager charges each investor a subscription fee of a percentage not exceeding 1.5% of the subscribed amount to cover administration costs and is netted off against proceeds from issuance of units.

Under the terms and conditions of the Fund, the Fund is liable to pay the following expenses to the Fund Manager:

- Management fee at the rate of 1.70% per annum of the net assets value of the Fund at each valuation day, payable quarterly.
- Custody fee at the rate of 0.40% of the net asset value of the fund at each valuation day, payable quarterly.

7. CASH AND CASH EQUIVALENTS

	<u>30 June 2017</u>	<u>30 June 2016</u>
Cash at bank – current accounts	21,251,484	8,401,513
Murabaha placement with a bank – original maturities of three months or less	-	20,000,000
	<u>21,251,484</u>	<u>28,401,513</u>

The effective commission rate on Murabaha deposit as at 30 June 2016 was 2.6% per annum.

WASATAH IPO FUND
Managed by Wasatah Capital
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For the six month period ended 30 June 2017
(Saudi Riyals)

8. HELD FOR TRADING INVESTMENTS

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

Sector	<u>Carrying value</u>	<u>Market value</u>	<u>% of market value</u>
30 June 2017			
Health care equipment and services	7,556,081	7,755,900	27 %
Transportation	8,985,438	6,662,960	23 %
Materials	4,984,233	4,430,340	16 %
Real estate management and development	4,003,112	4,415,721	16 %
Retailing	3,892,715	4,625,310	16 %
Capital goods	682,533	595,800	2 %
	<u>30,104,112</u>	<u>28,486,031</u>	<u>100 %</u>

<u>Sector</u>	<u>Carrying value</u>	<u>Market value</u>	<u>% of market value</u>
30 June 2016 *			
Transportation	12,897,076	14,496,000	31 %
Health care equipment and services	9,333,993	8,909,200	19 %
Materials	7,517,386	6,758,700	14 %
Consumer services	5,982,123	6,056,495	13 %
Retailing	4,669,649	4,433,500	9 %
Mutual funds	4,000,000	4,000,000	9 %
Real estate management and development	2,395,219	2,340,880	5 %
	<u>46,795,446</u>	<u>46,994,775</u>	<u>100 %</u>

* The Fund has rearranged these comparatives to conform to latest sector wise composition of Saudi Stock Market.

9. OTHER RECEIVABLES

	<u>30 June 2017</u>	<u>30 June 2016</u>
Dividend receivable	206,000	-
Other receivable	-	332,938
	<u>206,000</u>	<u>332,938</u>

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

10. 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.

WASATAH IPO FUND
Managed by Wasatah Capital
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

TRANSACTIONS WITH RELATED PARTIES (continued)

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 48,000 for all the Board members.

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

	<u>30 June 2017</u>		<u>30 June 2016</u>	
	Units	Net Asset Value	Units	Net Asset Value
	<u>(in numbers)</u>	<u>SAR</u>	<u>(in numbers)</u>	<u>SAR</u>
Held by the Fund Manager	20,000.00	18,386,200	20,000.00	19,498,304
Held by members of the Board of Directors of the Fund	19.91	18,303	19.91	19,411
Held by employees of the Fund Manager	234.70	215,762	236.77	230,826
	<u>20,254.61</u>	<u>18,620,265</u>	<u>20,256.68</u>	<u>19,748,541</u>

During the period ended June 30, 2017, the above-mentioned unit holders' have subscribed and redeemed units amounting to SR nil (2016: SR 1.15 million) and SR 0.002 million (2016: SR 1.23 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 six months period ended 30 June</u>		<u>Closing balance 30 June</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Wasatah Capital	Management fee	<u>439,099</u>	<u>879,798</u>	<u>217,546</u>	<u>402,392</u>
	Custody fee	<u>103,319</u>	<u>207,014</u>	<u>51,188</u>	<u>94,993</u>
Board of Directors	Annual remuneration	<u>11,901</u>	<u>11,967</u>	<u>11,901</u>	<u>11,967</u>
Wasatah Saudi Equity Fund	Subscription	<u>-</u>	<u>1,400,000</u>	<u>-</u>	<u>-</u>
	Redemption	<u>896,404</u>	<u>518,090</u>	<u>-</u>	<u>903,913</u>

WASATAH IPO FUND
Managed by Wasatah Capital
NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)
For the six month period ended 30 June 2017
(Saudi Riyals)

11. OTHER OPERATING EXPENSES

	<u>30 June 2017</u>	<u>30 June 2016</u>
Benchmark calculation fee	12,087	12,154
CMA supervision fee	3,719	6,233
Other expenses	17,357	14,987
	<u>33,163</u>	<u>33,374</u>

12. 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.

13. LAST VALUATION DAY

The last valuation day of the period was 30 June 2017.

14. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Fund Board on 10 Dhul Qa'ada, 1438 H corresponding to 2 August 2017 G.
