

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)

Interim Condensed Financial Statements (un-audited)
For the six month period ended 30 June 2010
together with the
Limited Review Report to the Unitholders



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LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

The Unitholders of Bakheet IPO Fund
Riyadh, Kingdom of Saudi Arabia

Scope of Review

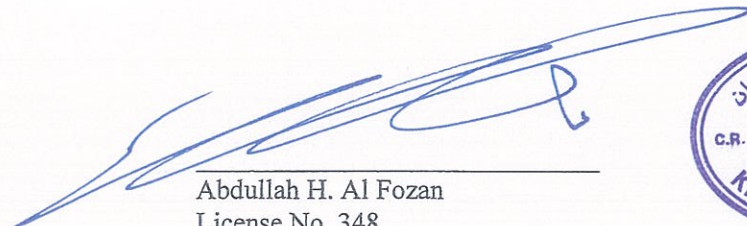
We have reviewed the accompanying interim balance sheet of Bakheet IPO Fund (the "Fund") as at 30 June 2010, and the related interim statements of operations, changes in net assets attributable to unitholders and cash flows for the six months period then ended and the attached condensed notes (1) to (10) which form an integral part of these interim condensed financial statements. These interim condensed 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 condensed financial statements based on our review.

We conducted our limited review in accordance with the auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited 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.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan


Abdullah H. Al Fozan
License No. 348

Date: 21 Sha'ban 1431H
Corresponding to: 1 August 2010



BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM BALANCE SHEET (UN-AUDITED)

As at 30 June 2010
(Saudi Riyals)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Cash and cash equivalents		9,237,528	27,069,268
Investments - held for trading	6	79,298,640	106,751,313
Total assets		88,536,168	133,820,581
<u>LIABILITIES</u>			
Management and custody fees	8	572,007	797,822
Board of Directors fee	8	125,000	138,073
Accrued expenses		19,059	15,067
Total liabilities		716,066	950,962
Net assets value attributable to unitholders		87,820,102	132,869,619
Units in issue (numbers)		119,520,492	185,671,709
Net assets value - per unit		0.7348	0.7156

The accompanying notes (1) through (10) form an integral part of these interim condensed financial statements.

These interim condensed financial statements have been approved by the Board of Directors on 01/08/2010 and signed on their behalf by:



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF OPERATIONS (UN-AUDITED)
For the six month period ended 30 June 2010
(Saudi Riyals)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
<u>INCOME</u>			
Trading gain, net	7	4,452,328	27,501,835
Dividend income		1,062,150	1,307,450
Murabaha income		--	17,300
Other income		178	--
Total income		<u>5,514,656</u>	<u>28,826,585</u>
<u>EXPENSES</u>			
Management fee	8	1,089,618	1,218,252
Others		416,483	457,435
Total expenses		<u>1,506,101</u>	<u>1,675,687</u>
NET INCOME		<u>4,008,555</u>	<u>27,150,898</u>

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Beshr Bakheet
Chief Executive Officer and Chairman



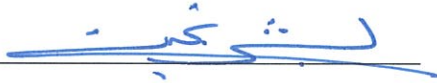
Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO UNITHOLDERS (UN-AUDITED)
For the six month period ended 30 June 2010

	<u>2010</u>	<u>2009</u>
	<u>In Saudi Riyals</u>	
Net assets value, beginning of the period	131,096,918	118,660,215
Add: New subscriptions during the period	765,573	--
Less: Redemptions during the period	(48,050,944)	(12,941,494)
Net income	4,008,555	27,150,898
Net assets value, end of the period	<u>87,820,102</u>	<u>132,869,619</u>
	<u>In numbers</u>	
Units, beginning of the period	182,165,928	206,814,897
Add: Units subscribed	1,065,061	--
Less: Units redeemed	(63,710,497)	(21,143,188)
Net decrease in units	(62,645,436)	(21,143,188)
Units, end of the period	<u>119,520,492</u>	<u>185,671,709</u>

The accompanying notes (1) through (10) form an integral part of these interim condensed financial statements.

These interim condensed financial statements have been approved by the Board of Directors on 01/08/2010 and signed on their behalf by:


Beshr Bakheet
Chief Executive Officer and Chairman


Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six month period ended 30 June 2010
(Saudi Riyals)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	4,008,555	27,150,898
Adjustment for movement in unrealised gain on investments	(7,890,987)	(11,913,412)
<i>Changes in operating assets and liabilities:</i>		
Investments - held for trading	46,466,045	(36,853,176)
Commission receivable	--	733
Management and custody fees	(291,736)	(96,827)
Board of Directors fee	(138,523)	(59,619)
Accrued expenses	4,059	(9,933)
Net cash provided by / (used in) operating activities	<u>42,157,413</u>	<u>(21,781,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from units subscribed	765,573	--
Payments on units redeemed	(48,050,944)	(12,941,494)
Net cash used in financing activities	<u>(47,285,371)</u>	<u>(12,941,494)</u>
Net decrease in cash and cash equivalents	<u>(5,127,958)</u>	<u>(34,722,830)</u>
Cash and cash equivalents, beginning of the period	14,365,486	61,792,098
Cash and cash equivalents, end of the period	<u>9,237,528</u>	<u>27,069,268</u>

The accompanying notes (1) through (10) form an integral part of these interim condensed financial statements.

These interim condensed financial statements have been approved by the Board of Directors on 01/08/2010 and signed on their behalf by:



Beshr Bakheet
Chief Executive Officer and Chairman



Hesham H. Abo-Jamee
Chief Investment Officer

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2010

1. GENERAL

Bakheet IPO Fund (the "Fund") is an investment fund established through an agreement between the Bakheet Investment Group (the "Fund Manager") and the Fund Investors (the "Unitholders").

The Saudi Capital Market Authority (the "CMA") approval for the Fund was obtained on 27 Muharram 1429H (corresponding to 5 February 2008). The Fund commenced operations on 15 March 2008.

The Fund's primary objective is to increase capital by achieving a positive return and incurring minimum risk while investing in initial public offerings in Saudi Arabia, and investing the available liquidity in low-risk assets and Saudi Riyal Murabaha funds. The Fund is an "open-end" type, and will not distribute any dividends to the unitholders. Instead, the income will be reinvested in the Fund, which will be reflected in the Fund's unit price.

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.

The address of the Fund Manager is as follows:

Bakheet Investment Group
Head Office
P O Box 63762
Riyadh 11526
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 business day ("Dealing Day") immediately preceding the 16th day of each calendar month or the last business day of each calendar month. The net assets value of the Fund is determined on each dealing day ("Valuation Day"). The net asset value of the Fund for the purpose of purchase or sale of units shall be 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 condensed financial statements have been presented in accordance with the requirements of accounting standard on interim financial reporting issued by the Saudi Organization of Certified Public Accountants (the "SOCPA"). These interim financial statements have been presented in condensed form and do not include all the information presented in annual financial statements; therefore, these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

BAKHEET IPO FUND
(MANAGED BY BAKHEET INVESTMENT GROUP)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2010
(Saudi Riyals)

4. BASIS OF PREPARATION (CONTINUED)

4.2 Basis of measurement

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

4.3 Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyal, which is also the functional currency of the Fund.

5. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES

The significant accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2009. Risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2009.

6. INVESTMENTS - HELD FOR TRADING

All of the Fund's investments are in Saudi public companies that are listed on the Saudi Stock Exchange (Tadawul). The composition of the investment portfolio is summarized below:

<u>Sector</u>	<u>Cost</u>	<u>Market value</u>	<u>% of market value</u>
2010			
Industrial investment	45,683,941	49,745,050	62.73
Retail	9,512,243	12,061,550	15.21
Agriculture and food industries	5,997,073	7,577,700	9.56
Petrochemical industries	6,263,007	5,936,060	7.48
Building and construction	3,951,389	3,978,280	5.02
Real estate development	--	--	--
Multi-investment	--	--	--
	<u>71,407,653</u>	<u>79,298,640</u>	<u>100.00</u>
2009			
Industrial investment	23,721,207	27,888,400	26.12
Retail	2,628,614	4,047,400	3.79
Agriculture and food industries	2,128,184	3,289,440	3.09
Petrochemical industries	17,175,802	19,122,420	17.91
Building and construction	12,707,811	9,991,013	9.36
Real estate development	27,966,717	35,221,060	32.99
Multi-investment	8,509,566	7,191,580	6.74
	<u>94,837,901</u>	<u>106,751,313</u>	<u>100.00</u>

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2010
(Saudi Riyals)

7. TRADING GAIN, NET

	<u>2010</u>	<u>2009</u>
Unrealized gain on investments, net	7,890,987	11,913,412
Realized (loss) / gain on investments, net	<u>(3,438,659)</u>	<u>15,588,423</u>
	<u>4,452,328</u>	<u>27,501,835</u>

8. TRANSACTIONS WITH RELATED PARTIES

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 of 2% per annum of the Fund's net assets, calculated on a daily basis. The Fund Manager also recovers from the Fund any other expenses incurred on behalf of the Fund as audit fee, board compensation and other similar charges. The Fund manager also receives a subscription fee of 2% for all new subscriptions.

The unitholders' account at 30 June included units (in numbers) held as follows:

	<u>2010</u>	<u>2009</u>
Held by employees and the Pension Fund of the Fund Manager	914,066	1,029,300
Held by members of the Board of Directors	<u>245,200</u>	<u>245,200</u>
	<u>1,159,266</u>	<u>1,274,500</u>

Related party transactions for the period ended 30 June 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 payable balance</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bakheet Investment Group	Management and custody fees	<u>1,362,022</u>	<u>1,522,485</u>	<u>572,007</u>	<u>797,822</u>
Bakheet Investment Group	Board of Directors fee	<u>75,000</u>	<u>88,253</u>	<u>75,000</u>	<u>88,253</u>

9. 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. Consequently, differences can arise between carrying values and fair value estimates.

Financial instruments comprise financial assets and financial liabilities. The Fund's financial assets consist of cash and cash equivalents and investments - held for trading and financial liabilities consist of certain payables.

The fair value of financial instruments is not significantly different from the carrying values included in the financial statements.

BAKHEET IPO FUND
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended 30 June 2010

10. LAST VALUATION DAY

The last valuation day of the period was 30 June 2010 (2009: 30 June 2009).