

**Audi Capital  
Arabian Opportunities Fund**

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2010**

## LIMITED REVIEW REPORT TO THE UNIT HOLDERS OF AUDI CAPITAL - ARABIAN OPPORTUNITIES FUND

### Scope of Review

We have reviewed the accompanying interim balance sheet of Audi Capital - Arabian Opportunities Fund ("the Fund") as of 30 June 2010, and the related statements of operations, cash flows and changes in net assets for the six month period then ended. These interim financial statements are the 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.

for Ernst & Young



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Riyadh: 5 Shabaan 1431H  
(17 July 2010)



# Audi Capital – Arabian Opportunities Fund

## INTERIM BALANCE SHEET

	<i>Note</i>	<i>30 June 2010 (Unaudited) USD</i>	<i>31 December 2009 (Audited) USD</i>	<i>30 June 2009 (Unaudited) USD</i>
<b>ASSETS</b>				
Bank balances		1,247,980	6,706,835	3,642,154
Trading investments	4	40,213,953	34,852,177	11,697,646
Accrued special commission income		34,281	5,013	309,735
		<u>41,496,214</u>	<u>41,564,025</u>	<u>15,649,535</u>
<b>LIABILITIES</b>				
Accrued expenses and other liabilities	6	339,142	307,005	155,060
<b>UNITHOLDERS' FUNDS</b>				
Net assets		<u>41,157,072</u>	<u>41,257,020</u>	<u>15,494,475</u>
Units in issue		<u>5,132,124</u>	<u>5,139,043</u>	<u>1,957,995</u>
Per unit value		<u>8.02</u>	<u>8.03</u>	<u>7.91</u>

The attached notes 1 to 7 form part of these interim financial statements.

Audi Capital – Arabian Opportunities Fund

INTERIM STATEMENT OF OPERATIONS

For the six month period ended 30 June

	<i>Note</i>	<b>2010</b> <i>(Unaudited)</i> <b>USD</b>	<b>2009</b> <i>(Unaudited)</i> <b>USD</b>
<b>INCOME</b>			
Trading (loss) income, net	5	<b>(834,107)</b>	2,191,566
Dividend income		<b>1,502,188</b>	294,053
Special commission income		<b>401</b>	8,675
		<hr/> <b>668,482</b>	<hr/> 2,494,294
<b>EXPENSES</b>			
Management fees	6	<b>488,331</b>	143,369
Other expenses	6	<b>234,244</b>	158,045
		<hr/> <b>722,575</b>	<hr/> 301,414
<b>NET (LOSS) INCOME FROM OPERATIONS</b>		<hr/> <b>(54,093)</b>	<hr/> 2,192,880

The attached notes 1 to 7 form part of these interim financial statements.

Audi Capital – Arabian Opportunities Fund

INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June

	2010 (Unaudited) USD	2009 (Unaudited) USD
<b>OPERATING ACTIVITIES</b>		
Net (loss) income from operations	(54,093)	2,192,880
Adjustment for:		
Unrealised loss (gain) on trading investments	2,169,040	(3,027,165)
	<u>2,114,947</u>	<u>(834,285)</u>
Changes in operating assets and liabilities:		
Trading investments, net	(7,530,816)	513,848
Accrued special commission income	(29,104)	(291,752)
Accrued expenses and other liabilities	32,137	(227,245)
	<u>(5,412,836)</u>	<u>(839,434)</u>
Net cash used in operating activities		
<b>FINANCING ACTIVITIES</b>		
Proceeds from units sold	297,000	215,689
Value of units redeemed	(343,019)	(1,946,884)
	<u>(46,019)</u>	<u>(1,731,195)</u>
Net cash used in financing activities		
<b>DECREASE IN BANK BALANCES</b>		
	(5,458,855)	(2,570,629)
Bank balances at the beginning of the period	6,706,835	6,212,783
	<u>1,247,980</u>	<u>3,642,154</u>
<b>BANK BALANCES AT THE END OF THE PERIOD</b>		
<b><u>Operational cash flows from special commission income and dividends</u></b>		
Special commission income received	401	8,666
Dividend income received	1,473,084	289,565
	<u>1,473,485</u>	<u>298,231</u>

The attached notes 1 to 7 form part of these interim financial statements.

Audi Capital – Arabian Opportunities Fund

INTERIM STATEMENT OF CHANGES IN NET ASSETS

For the six month period ended 30 June

	2010 <i>(Unaudited)</i> USD	2009 <i>(Unaudited)</i> USD
<b>NET ASSET VALUE AT THE BEGINNING OF THE PERIOD</b>	<u>41,257,020</u>	<u>15,032,790</u>
<b>NET (LOSS) INCOME FROM OPERATIONS</b>	<u>(53,929)</u>	<u>2,192,880</u>
<b>CHANGES FROM CAPITAL TRANSACTIONS</b>		
Proceeds from units sold	297,000	215,689
Value of units redeemed	<u>(343,019)</u>	<u>(1,946,884)</u>
Net change from capital transactions	<u>(46,019)</u>	<u>(1,731,195)</u>
<b>NET ASSET VALUE AT THE END OF THE PERIOD</b>	<u><u>41,157,072</u></u>	<u><u>15,494,475</u></u>

**UNITS TRANSACTIONS**

Transactions in units for the period ended 30 June are summarised as follows:

	2010 <i>(Unaudited)</i>	2009 <i>(Unaudited)</i>
<b>UNITS AT THE BEGINNING OF THE PERIOD</b>	<u>5,139,043</u>	<u>2,208,473</u>
Units sold	33,093	25,807
Units redeemed	<u>(40,010)</u>	<u>(276,285)</u>
Net decrease in units	<u>(6,919)</u>	<u>(250,478)</u>
<b>UNITS AT THE END OF THE PERIOD</b>	<u><u>5,132,124</u></u>	<u><u>1,957,995</u></u>

The attached notes 1 to 7 form part of these interim financial statements.

**1 GENERAL**

Audi Capital – Arabian Opportunities Fund (the Fund) is an open-ended fund created by an agreement between Audi Capital Company (the Fund Manager) and investors (unit holders) in the Fund. The objective of the Fund is to achieve long-term capital growth through investing in Saudi and foreign equities and portfolios of money market placements. The fund commenced its operations on 1 September 2007.

The books and records of the Fund are maintained in US Dollars (USD).

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

**2 REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations published by the CMA on 3 Dhul Hijja 1427H (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 annual financial statements for the year ended 31 December 2009 which are as follows:

*Accounting convention*

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of trading investments.

*Revenue recognition*

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

Dividend income is recognised when declared (i.e. when the Fund’s right to receive the dividend is established).

Special commission income is recognised on an effective yield basis.

*Investment valuation*

Equity investments are valued at their quoted market bid prices as at the valuation date. Investments in mutual funds are valued on the basis of net asset values published by the Fund Manager.

*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 Unitholders and are not provided for in these interim financial statements.

30 June 2010

**4 INVESTMENTS**

Investments held for trading comprise the following sectors

	30 June 2010 % of Market value USD	31 December 2009 % of Market value USD	30 June 2009 % of Market value USD
<i>Equity investments</i>			
Banks & Financial Institutes	11,613,904	7,056,056	2,178,645
Petrochemical & Manufacturing	8,062,670	15,279,148	5,308,866
Real Estate Development and Construction	7,412,389	1,936,728	1,473,534
Shipping & Transportation	5,646,750	5,103,526	1,157,000
Telecommunication	5,420,386	4,003,067	1,061,599
Cement	930,150	1,473,652	518,002
Retail	769,637	-	-
Food	358,067	-	-
	40,213,953	34,852,177	11,697,646

**5 TRADING (LOSS) INCOME, NET**

	2010 (Unaudited) USD	2009 (Unaudited) USD
Realised gain (loss) on trading investments	1,334,933	(835,599)
Unrealised (loss) gain on trading investments	(2,169,040)	3,027,165
	(834,107)	2,191,566

**6 TRANSACTIONS WITH RELATED PARTIES**

The Fund pays the following to the fund manager:

- Management fee calculated at an annual rate of 2% per annum of the net asset value at each valuation date.
- Administration fee at an annual rate of 0.15% of the net asset value at each valuation date, subject to a minimum of USD 30,000 per annum.
- Custodian fee calculated at an annual rate of 0.1% of the net asset value at each valuation date, subject to a minimum of USD 30,000 per annum.

Expenses paid by the fund manager on behalf of the fund are reimbursed from the Fund.

Trade transactions on the Saudi stock exchange are executed through the fund manager.

The unit holders' account at 30 June 2010 included 682,815 units (30 June 2009; 682,815 units) held by the Fund Manager.

The employees of the Fund Manager and the Bank also hold units in the Fund.

**7 LAST VALUATION DAY**

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