

Audi Freestyle Saudi Equity Fund
(Managed by Audi Capital Company)

INTERIM FINANCIAL STATEMENTS

30 June 2016

LIMITED REVIEW REPORT TO THE UNIT HOLDERS OF AUDI FREESTYLE SAUDI EQUITY FUND

Scope of review

We have reviewed the accompanying interim balance sheet of Audi Freestyle Saudi Equity Fund ("the Fund"), managed by Audi Capital Company, as of 30 June 2016, and the related interim statements of operations, cash flows and changes in net assets for the six months 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.

Emphasis of a matter

We draw your attention to note 1 to the interim financial statements, which indicates that comparative information presented in the interim balance sheet, interim statements of operations, cash flows and changes in net assets as at and for the period ended 30 June 2015 are neither reviewed nor audited. Accordingly, we are unable to comment whether there are any material modifications to the interim balance sheet of the Fund as of 30 June 2015, and the related interim statements of operations, cash flows and changes in net assets for the period from 1 June 2015 to 30 June 2015, for them to be in conformity with accounting standards general accepted in the Kingdom of Saudi Arabia.

for Ernst & Young



Rashid S. Al-Rashoud
Certified Public Accountant
Registration No. 366



AUDI FREESTYLE SAUDI EQUITY FUND

INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2016

		30 June 2016 (Unaudited) SR	31 December 2015 (Audited) SR	30 June 2015 (Unaudited and unreviewed) SR
	Notes			
ASSETS				
Bank balance		5,650,152	5,236,772	6,638,494
Trading investments	4	23,605,769	23,629,370	27,559,679
TOTAL ASSETS		29,255,921	28,866,142	34,198,173
LIABILITIES				
Management fees payable	6	42,532	42,914	45,379
Custody fees payable	6	4,861	4,904	5,186
Accrued expenses		60,546	66,995	11,364
TOTAL LIABILITIES		107,939	114,813	61,929
NET ASSETS		29,147,982	28,751,329	34,136,244
Units in issue		3,400,149	3,409,953	3,546,931
Per unit value		8.57	8.43	9.62

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

AUDI FREESTYLE SAUDI EQUITY FUND

INTERIM STATEMENT OF OPERATIONS (UNAUDITED)

For the six months period ended 30 June 2016

		<i>For the six months period ended 30 June 2016 (Unaudited) SR</i>	<i>For the period from 1 June to 30 June 2015 (Unaudited and unreviewed) SR</i>
	<i>Notes</i>		
INVESTMENT INCOME			
Trading income (loss), net	5	823,490	(1,166,439)
		<u>823,490</u>	<u>(1,166,439)</u>
EXPENSES			
Management fees	6	(244,539)	(45,378)
Other expenses		(105,075)	(19,742)
		<u>(349,614)</u>	<u>(65,120)</u>
NET INCOME (LOSS) FROM OPERATIONS		<u><u>473,876</u></u>	<u><u>(1,231,559)</u></u>

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

AUDI FREESTYLE SAUDI EQUITY FUND

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2016

	<i>For the six months period ended 30 June 2016 (Unaudited) SR</i>	<i>For the period from 1 June to 30 June 2015 (Unaudited and unreviewed) SR</i>
OPERATING ACTIVITIES		
Net income (loss) from operations	473,876	(1,231,559)
Adjustment for:		
Unrealised (gain) loss on trading investments	(1,764,654)	912,113
	<u>(1,290,778)</u>	<u>(319,446)</u>
Changes in operating assets and liabilities:		
Trading investments	1,788,255	(28,471,792)
Management fees payable	(382)	45,379
Custody fees payable	(43)	5,186
Accrued expenses	(6,449)	11,364
	<u>490,603</u>	<u>(28,729,309)</u>
Net cash from (used in) operating activities		
FINANCING ACTIVITIES		
Proceeds from units issued	-	35,367,803
Value of units redeemed	(77,223)	-
	<u>(77,223)</u>	<u>??</u>
Net cash (used in) from financing activities	<u>(77,223)</u>	<u>35,367,803</u>
NET INCREASE IN BANK BALANCE	413,380	6,638,494
Bank balance at the beginning of the period	<u>5,236,772</u>	<u>-</u>
BANK BALANCE AT THE END OF THE PERIOD	<u>5,650,152</u>	<u>6,638,494</u>

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

AUDI FREESTYLE SAUDI EQUITY FUND

INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months period ended 30 June 2016

	<i>For the six months period ended 30 June 2016 (Unaudited) SR</i>	<i>For the period from 1 June to 30 June 2015 (Unaudited and unreviewed) SR</i>
NET ASSETS VALUE AT THE BEGINNING OF THE PERIOD	28,751,329	-
NET INCOME (LOSS) FROM OPERATIONS	473,876	(1,231,559)
CHANGES FROM CAPITAL TRANSACTIONS		
Proceeds from units sold	-	35,367,803
Value of units redeemed	(77,223)	-
Net change from capital transactions	(77,223)	35,367,803
NET ASSETS VALUE AT THE END OF THE PERIOD	29,147,982	34,136,244

UNITS TRANSACTIONS

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

	<i>For the six months period ended 30 June 2016 (Unaudited) SR</i>	<i>For the period from 1 June to 30 June 2015 (Unaudited and unreviewed) SR</i>
UNITS AT THE BEGINNING OF THE PERIOD	3,409,953	-
Units sold	-	3,546,931
Units redeemed	(9,804)	-
Net (decrease) increase in units	(9,804)	3,546,931
UNITS AT THE END OF THE PERIOD	3,400,149	3,546,931

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

AUDI FREESTYLE SAUDI EQUITY FUND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2016

1 GENERAL

Audi Freestyle Saudi Equity Fund (the "Fund") is an open-ended fund created by an agreement between Audi Capital Company (the "Fund Manager") and investors (the "Unit Holders") in the Fund. The objective of the Fund is to invest according to the Shariah guidelines, and to achieve long term capital appreciation through investing primarily in the equities of the Saudi listed companies. The Fund will not distribute any dividends to the Unit Holders and will reinvest the profits and dividend distributions in the Fund.

The Fund was established on 16 Rajab 1436 (corresponding to 5 May 2015) as per approval from the Capital Market Authority (the "CMA") and commenced its operations on 1 June 2015. The Fund did not prepare interim financial statements for the period from 1 June 2015 to 30 June 2015 and therefore the comparative information included in these interim financial statements has not been reviewed and are unaudited. The interim results of the Fund may not be indicative of the annual results of the Fund's operations.

The books and records of the Fund are maintained in Saudi Riyals (SR) which is the functional currency of the Fund.

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued 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 the annual financial statements of the Fund for the period from 1 June 2015 to 31 December 2015.

Accounting convention

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

Revenue recognition

Dividend income is recognized when the Fund's right to receive the dividend is established. Realised gains and losses on investments sold are determined on a weighted average cost basis.

Trading income includes all gains and losses from changes in fair value of trading investments (realized and unrealized) and related dividends.

Investment valuation

Investments which are purchased for trading purposes are valued at their quoted market price as at the balance sheet date. Unrealised gains and losses on the revaluation of investments and realised gains and losses on the disposal of investments are recognised in the interim statement of operations.

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 therefore are not provided for in these interim financial statements.

Expenses

Expenses are recognised on an accrual basis.

AUDI FREESTYLE SAUDI EQUITY FUND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2016

4 TRADING INVESTMENTS

Trading investments comprise investments in the following sectors:

As at 30 June 2016 (Unaudited):

	<i>% of Market value</i>	<i>Cost</i>	<i>Market value</i>	<i>Unrealized gains/(losses)</i>
Retail	7%	1,649,960	1,766,864	116,904
Banks	19%	4,227,099	4,384,519	157,420
Agriculture and food industries	12%	2,869,506	2,870,507	1,001
Insurance	6%	1,307,584	1,452,098	144,514
Petrochemical industries	22%	5,080,519	5,146,361	65,842
Transportation	6%	1,523,511	1,403,654	(119,857)
Telecommunication and information technology	6%	1,406,796	1,405,505	(1,291)
Multi investment	2%	540,648	527,200	(13,448)
Energy and utilities	4%	730,477	869,193	138,716
Building and construction	6%	1,236,364	1,321,544	85,180
Cement	4%	871,945	888,444	16,499
Real estate development	6%	1,517,416	1,569,880	52,464
	100%	22,961,825	23,605,769	643,944

As at 31 December 2015 (Audited):

	<i>% of Market value</i>	<i>Cost</i>	<i>Market value</i>	<i>Unrealized gains/(losses)</i>
Retail	19%	4,705,738	4,560,665	(145,073)
Banks	19%	4,896,990	4,420,625	(476,365)
Agriculture and food industries	13%	3,190,401	3,081,129	(109,272)
Insurance	13%	2,844,125	3,011,134	167,009
Petrochemical industries	12%	3,302,615	2,758,590	(544,025)
Transportation	9%	2,099,289	2,024,174	(75,115)
Telecommunication and information technology	6%	1,441,838	1,481,099	39,261
Industrial investment	4%	835,001	886,416	51,415
Multi investment	4%	870,708	871,398	690
Energy and utilities	1%	563,375	534,140	(29,235)
	100%	24,750,080	23,629,370	(1,120,710)

AUDI FREESTYLE SAUDI EQUITY FUND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2016

4 TRADING INVESTMENTS (Continued)

As at 30 June 2015 (Unaudited and unreviewed):

	% of Market value	Cost	Market value	Unrealized gains/(losses)
Banks	18%	5,296,098	5,008,800	(287,298)
Petrochemical industries	18%	5,281,713	4,918,613	(363,100)
Retail	17%	4,742,341	4,720,194	(22,147)
Insurance	10%	2,777,767	2,754,800	(22,967)
Agriculture and food industries	9%	2,633,331	2,564,147	(69,184)
Telecommunication and information technology	8%	2,383,842	2,334,652	(49,190)
Cement	6%	1,594,140	1,537,319	(56,821)
Real estate development	5%	1,394,271	1,369,880	(24,391)
Multi investment	5%	1,333,899	1,347,760	13,861
Transportation	4%	1,034,390	1,003,514	(30,876)
	100%	28,471,792	27,559,679	(912,113)

Equity investments are unrated equity instruments listed on the Saudi stock exchange ("Tadawul"). The Fund does not have an internal grading mechanism. However, the Fund Manager seeks to limit risk of the Fund by monitoring investments and reviewing sector exposures and setting limits for individual sectors.

5 TRADING INCOME (LOSS), NET

	Six months period ended 30 June 2016 (Unaudited) SR	For the period from 1 June to 30 June 2015 (Unaudited and unreviewed) SR
Realised loss on trading investments	(1,416,579)	(254,325)
Unrealised gain (loss) on trading investments	1,764,654	(912,113)
Dividend income	475,415	-
	823,490	(1,166,439)

6 TRANSACTIONS WITH RELATED PARTIES

The Fund pays a management fee calculated at an annual rate of 1.75% of the net asset value on the last valuation day of the relevant month. Additionally, the Fund Manager also charges a custodian fee calculated at an annual rate of 0.2% of the net asset value on the last valuation day of the relevant month. Expenses paid by the Fund Manager on behalf of the Fund are reimbursed by the Fund.

Management fee expense is disclosed on the interim statement of operations and the Fund Manager has charged custody fees amounting to SR 27,945 (2015: SR 5,186). Management fee payable and custody fee payable are disclosed on the interim balance sheet.

Trade transactions on the Saudi stock exchange are executed through the Fund Manager.

The Unit Holders' account at 30 June 2016 included 45,000 units (30 June 2015: 48,000) held by key management of the Fund Manager, and 18,500 units (30 June 2015: 18,500) held by an affiliate of the Fund Manager.

AUDI FREESTYLE SAUDI EQUITY FUND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED) (continued)

At 30 June 2016

7 LAST VALUATION DAY

The last valuation day for the period was 30 June 2016 (For the period from 1 June 2015 to 30 June 2015: 30 June 2015).