

**Saudi Opportunities Fund
(Managed by Audi Capital Company)**

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2019

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNITHOLDERS OF SAUDI OPPORTUNITIES FUND (MANAGED BY AUDI CAPITAL COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Opportunities Fund (the "Fund") managed by Audi Capital Company (the "Fund Manager") as at 30 June 2019, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2019, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Ernst & Young



Yousef A. AlMubarak
Certified Public Accountant
License No. 427

Riyadh: 17 Dhul-Hijjah 1440H
(18 August 2019)



Saudi Opportunities Fund
(Managed by Audi Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2019

| | <i>Note</i> | 30 June 2019 SR | 31 December 2018 SR |
|--|-------------|--------------------------------|------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 7,118,426 | 13,897,843 |
| Investments at fair value through profit or loss | 4 | 79,261,858 | 100,004,392 |
| Dividend receivables | | 20,250 | 29,850 |
| TOTAL ASSETS | | 86,400,534 | 113,932,085 |
| LIABILITIES | | | |
| Accrued expenses | | 250,776 | 307,683 |
| TOTAL LIABILITIES | | 250,776 | 307,683 |
| EQUITY ATTRIBUTABLE TO THE UNITHOLDERS (TOTAL EQUITY) | | 86,149,758 | 113,624,402 |
| TOTAL LIABILITIES AND EQUITY | | 86,400,534 | 113,932,085 |
| Units in issue | | 8,020,780 | 11,866,733 |
| Net asset value per unit | | 10.74 | 9.58 |

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Saudi Opportunities Fund
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

For the six-month period ended 30 June

| | | 2019 SR | 2018 SR |
|--|--------------|--------------------|-------------|
| | <i>Notes</i> | | |
| INVESTMENT INCOME | | | |
| Net gain from investments at fair value through profit or loss | 5 | 13,641,366 | 10,198,556 |
| Dividend income | | 2,217,625 | 2,048,427 |
| | | 15,858,991 | 12,246,983 |
| EXPENSES | | | |
| Management fees | 8 | (922,889) | (808,752) |
| Other expenses | 7 | (246,400) | (227,492) |
| | | (1,169,289) | (1,036,244) |
| NET INCOME FOR THE PERIOD | | 14,689,702 | 11,210,739 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 14,689,702 | 11,210,739 |

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Saudi Opportunities Fund
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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June

| | 2019 SR | 2018 SR |
|--|---------------------|--------------------|
| EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE BEGINNING OF THE PERIOD | 113,624,402 | 58,757,949 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 14,689,702 | 11,210,739 |
| ISSUANCE AND REDEMPTION OF UNITS | | |
| Redemptions of units during the period | 8,650,000 | 60,222,915 |
| Issuance of units during the period | (50,814,346) | (2,619,468) |
| Net changes in units | (42,164,346) | 57,603,447 |
| EQUITY ATTRIBUTABLE TO THE UNITHOLDERS AT THE END OF THE PERIOD | 86,149,758 | 127,572,135 |

UNIT TRANSACTIONS

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

| | 2019 Units | 2018 Units |
|---|--------------------|-------------------|
| UNITS AT THE BEGINNING OF THE PERIOD | 11,866,733 | 6,680,438 |
| Issuance of units during the period | 829,421 | 6,268,635 |
| Redemptions of units during the period | (4,675,374) | (286,938) |
| Net changes in units | (3,845,953) | 5,981,697 |
| UNITS AT THE END OF THE PERIOD | 8,020,780 | 12,662,135 |

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Saudi Opportunities Fund
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June

| | 2019 SR | 2018 SR |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period | 14,689,702 | 11,210,739 |
| Adjustment to reconcile net income to net cash flows: | | |
| Unrealized gain on investments at fair value through profit or loss | (1,376,578) | (8,513,652) |
| | <u>13,313,124</u> | <u>2,697,087</u> |
| Working capital adjustments: | | |
| Investments at fair value through profit or loss | 22,119,112 | (57,355,506) |
| Dividend receivables | 9,600 | (372,978) |
| Accrued management fees and other expenses | (56,907) | 112,379 |
| | <u>35,384,929</u> | <u>(54,919,018)</u> |
| Net cash flows from (used in) operating activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from units sold | 8,650,000 | 60,222,915 |
| Value of units redeemed | (50,814,346) | (2,619,468) |
| | <u>(42,164,346)</u> | <u>57,603,447</u> |
| Net cash (used in) from financing activities | | |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (6,779,417) | 2,684,429 |
| Cash and cash equivalents at the beginning of the period | 13,897,843 | 4,380,021 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>7,118,426</u> | <u>7,064,450</u> |

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Saudi Opportunities Fund (Managed by Audi Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2019

1. GENERAL

Saudi Opportunities 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 Shari’ah guideline, and to achieve long term capital appreciation through investing primarily in the equities of the Saudi listed companies, specifically in S&P Saudi listed companies in line with shariah guidelines.

The Fund was established on 16 Rajab 1436H (corresponding to 5 May 2015) as per approval from the Capital Market Authority (“CMA”) and commenced its operations on 1 June 2015.

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) and, effective from 6 Safar 1438H (corresponding to 6 November 2016) by the New Investment Fund Regulations (“Amended Regulations”) published by the Capital Market Authority on 16 Sha’aban 1437H (corresponding to 23 May 2016), detailing requirements for all funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) endorsed in the Kingdom of Saudi Arabia.

The interim condensed financial statements do not include all the information and disclosures required in annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2018.

These interim condensed financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss which are stated at their fair value and also using the accruals basis of accounting and the going concern concept.

These interim condensed financial statements are presented in Saudi Riyals (“SR”), which is the functional currency of the Fund, and all values are rounded to the nearest one Saudi Riyal, except where otherwise indicated.

3.2 New standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Fund’s annual financial statements for the year ended 31 December 2018. There are new standards, amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

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4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The composition of the investments at fair value through profit or loss is summarised below:

| | 30 June 2019 | | 31 December 2018 | |
|---------------------------------|----------------------|-----------------------|----------------------|-----------------------|
| | % of market value | Market value SR | % of market value | Market value SR |
| <i>Equities</i> | | | | |
| Banking & Financial Services | 36% | 28,144,456 | 39% | 39,342,275 |
| Petrochemical Industries | 28% | 22,403,627 | 26% | 26,232,792 |
| Telecommunication & Information | 11% | 8,453,980 | 8% | 7,797,217 |
| Industrial Investment | 7% | 5,530,982 | 4% | 4,299,749 |
| Retail | 6% | 4,597,782 | 9% | 8,699,876 |
| Agriculture & Food Industries | 3% | 2,716,944 | 4% | 3,784,032 |
| Real Estate Development | 2% | 1,920,120 | 2% | 1,715,153 |
| Cement | 2% | 1,430,040 | - | - |
| Hotel & Tourism | 2% | 1,391,064 | - | - |
| Transport | 2% | 1,350,114 | 2% | 2,284,861 |
| Insurance | 1% | 1,322,749 | 6% | 5,848,437 |
| Total | 100% | 79,261,858 | 100% | 100,004,392 |

5. NET GAIN FROM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2019 SR | 2018 SR |
|-----------------|-------------------|-------------------|
| Realised gain | 12,264,788 | 1,684,904 |
| Unrealised gain | 1,376,578 | 8,513,652 |
| | 13,641,366 | 10,198,556 |

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

All assets and liabilities for which fair value is measured or disclosed in the interim condensed financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

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6. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The table below presents the financial instruments measured at their fair values as of reporting date based on the fair value hierarchy:

| <i>30 June 2019</i> | | | |
|---------------------|-------------------|----------------|----------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> |
| | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| <i>Total</i> | <i>SR</i> | | <i>SR</i> |
| Investments at FVPL | 79,261,858 | - | - |
| Total | 79,261,858 | - | - |

| <i>31 December 2018</i> | | | |
|-------------------------|----------------|----------------|----------------|
| | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> |
| | <i>SR</i> | <i>SR</i> | <i>SR</i> |
| <i>Total</i> | <i>SR</i> | | <i>SR</i> |
| Investments at FVPL | 100,004,392 | - | - |
| Total | 100,004,392 | - | - |

For assets and liabilities that are measured at fair value on a recurring basis, the Fund identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the end of the reporting period during which the change has occurred. During the period, there was no transfer in fair value hierarchy for the financial assets held at fair value through profit or loss.

For all other financial assets and liabilities, the carrying value is an approximation of fair value, including: cash and cash equivalents, receivables and advances and accrued expenses.

7. OTHER EXPENSES

| | <i>2019</i> | <i>2018</i> |
|--|----------------|-------------|
| | <i>SR</i> | <i>SR</i> |
| Custody and administration fees | 105,473 | 92,424 |
| VAT expense | 53,907 | 46,316 |
| Audit fees | 22,315 | 22,625 |
| Transaction fees | 34,189 | - |
| Shariah board fees | 14,877 | 15,083 |
| Benchmark index fee | 12,679 | 14,644 |
| Publication of fund information on Tadawul's website | 2,480 | 2,514 |
| Others | 480 | 33,886 |
| | 246,400 | 227,492 |

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8. TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

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.

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

Management fee expense is disclosed on the interim condensed statement of comprehensive income while custody and administration fee expense charged by the Fund Manager and advisory board compensation are disclosed in note 8 to the interim condensed financial statements. Management fee payable is disclosed on the interim condensed statement of financial position. As at 30 June 2019, custody and administration fee payable to the Fund Manager amounted to SR 7,409 (31 December 2018: SR 10,281).

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

Units held by related parties

The Unit Holders' account as at 30 June 2019 included 2,431,419 units (31 December 2018: 5,030,674 units, held by affiliates of the Fund Manager).

9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

| <i>As at 30 June 2019</i> | <i>Within 12 months SR</i> | <i>After 12 months SR</i> | <i>Total SR</i> |
|--|------------------------------------|-----------------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | 7,118,426 | - | 7,118,426 |
| Investments at fair value through profit or loss | 79,261,858 | - | 79,261,858 |
| Dividend receivables | 20,250 | - | 20,250 |
| TOTAL ASSETS | 86,400,534 | - | 86,400,534 |
| LIABILITIES | | | |
| Accrued expenses | 250,776 | - | 250,776 |
| TOTAL LIABILITIES | 250,776 | - | 250,776 |
| <i>As at 31 December 2018</i> | <i>Within 12 months SR</i> | <i>After 12 months SR</i> | <i>Total SR</i> |
| ASSETS | | | |
| Cash and cash equivalents | 13,897,843 | - | 13,897,843 |
| Investments at fair value through profit or loss | 100,004,392 | - | 100,004,392 |
| Receivables and advances | 29,850 | - | 29,850 |
| TOTAL ASSETS | 113,932,085 | - | 113,932,085 |
| LIABILITIES | | | |
| Accrued expenses | 307,683 | - | 307,683 |
| TOTAL LIABILITIES | 307,683 | - | 307,683 |

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10. LAST VALUATION DAY

The last valuation day of the period was 30 June 2019 (2018: 31 December 2018).

11. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund Board on 17 Dhual-Hijjah 1440H (Corresponding to 18 August 2019).