

Saudi Opportunities Fund
(Managed by Audi Capital Company)

**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 JUNE 2020



Ernst & Young & Co. (Certified Public Accountants) Registration No. 45/11/323
General Partnership C.R. No. 1010383821
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730

ey.ksa@sa.ey.com
ey.com/mena

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 2020, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2020, 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: 20 Thul-Hijjah 1441H
(10 August 2020)

Saudi Opportunities Fund
(Managed by Audi Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
	Note		
ASSETS			
Cash and cash equivalents		10,189,564	1,595,227
Investments at fair value through profit or loss	4	38,578,366	55,677,217
Dividend receivables		42,321	-
TOTAL ASSETS		48,810,251	57,272,444
LIABILITIES			
Redemption payable		-	371,221
Management fee payable		73,092	187,885
Custody and administration fee payable		10,164	10,738
Accrued expenses		68,870	93,090
TOTAL LIABILITIES		152,126	662,934
EQUITY			
Net assets attributable to the Unitholders of redeemable units		48,658,125	56,609,510
TOTAL LIABILITIES AND EQUITY		48,810,251	57,272,444
Redeemable units in issue		5,162,210	5,378,056
Net assets value attributable to each unit		9.43	10.53

The accompanying notes 1 to 13 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

		30 June 2020 SR	30 June 2019 SR
	<i>Notes</i>		
INVESTMENT INCOME			
Net (loss) gain from investments at fair value through profit or loss	5	(6,138,085)	13,641,366
Dividend income		732,232	2,217,625
		(5,405,853)	15,858,991
EXPENSES			
Management fees	8	(441,803)	(922,889)
Other expenses	7	(190,365)	(246,400)
		(632,168)	(1,169,289)
NET (LOSS) INCOME FOR THE PERIOD		(6,038,021)	14,689,702
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(6,038,021)	14,689,702

The accompanying notes 1 to 13 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

	<i>30 June 2020 SR</i>	<i>30 June 2019 SR</i>
EQUITY AT THE BEGINNING OF THE PERIOD	56,609,510	113,624,402
(Loss)/profit for the year	(6,038,021)	14,689,702
Other comprehensive income for the period	-	-
Total comprehensive (loss) income for the period	(6,038,021)	14,689,702
Proceeds from units issued during the period	-	8,650,000
Value of units redeemed during the period	(1,913,364)	(50,814,346)
EQUITY AT THE END OF THE PERIOD	48,658,125	86,149,758

REDEEMABLE UNITS TRANSACTIONS

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

	<i>30 June 2020 Units</i>	<i>30 June 2019 Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	5,378,056	11,866,733
Units issued during the period	-	829,421
Units redeemed during the period	(215,846)	(4,675,374)
Net (decrease) in units	(215,846)	(3,845,953)
UNITS AT THE END OF THE PERIOD	5,162,210	8,020,780

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

For the six-month period ended 30 June

	30 June 2020 SR	30 June 2019 SR
OPERATING ACTIVITIES		
Net (loss) income for the period	(6,038,021)	14,689,702
Adjustment to reconcile net income to net cash flows:		
Unrealized loss (gain) on investments at fair value through profit or loss	2,811,823	(1,376,578)
	<u>(3,226,198)</u>	<u>13,313,124</u>
Working capital adjustments:		
Investments at fair value through profit or loss	14,287,028	22,119,112
Dividend receivables	(42,321)	9,600
Redemption payable	(371,221)	-
Management fee payable	(114,793)	(12,360)
Custody and administration fee payable	(574)	(3,456)
Accrued expenses	(24,220)	(41,091)
	<u>10,507,701</u>	<u>35,384,929</u>
Net cash flows from operating activities		
FINANCING ACTIVITIES		
Proceeds from units sold	-	8,650,000
Value of units redeemed	(1,913,364)	(50,814,346)
	<u>(1,913,364)</u>	<u>(42,164,346)</u>
Net cash (used in) financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,594,337	(6,779,417)
Cash and cash equivalents at the beginning of the period	1,595,227	13,897,843
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,189,564	7,118,426

The accompanying notes 1 to 13 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 2020

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 “Unitholders”) 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 the Shariah guidelines. The Fund will not distribute any dividend to unit holders and will reinvest the profits and cash dividend distributed to the fund.

The Fund was established on 26 Rajab 1436H (corresponding to 15 April 2015) as per approval from the Capital Market Authority (“CMA”) and commenced its operations on 1 May 2015.

The Fund has appointed HSBC Saudi Arabia to act as its custodian (the “Custodian”) and administrator (the “Administrator”). The fees of the custodian and administrator’s services are paid by the Fund.

The address of the Fund Manager is as follows:

Audi Capital Company
Centria Building – 3rd Floor - 2908 Prince Muhammad Ibn Abdulaziz Road
Al Ulaya – Unit No. 28, Ar Riyadh 12241-6055
Kingdom of Saudi Arabia

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 2019.

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 2019. There are new standards, amendments and interpretations apply for the first time in 2020, 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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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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 2020 (Unaudited)		
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<i>Equities</i>				
Banking & Financial services	27%	10,413,061	10,340,930	-72,131
Retail	13%	4,862,071	4,872,268	10,197
Petrochemical Industries	12%	4,908,951	4,767,860	-141,091
Telecommunication & Information Technology	11%	4,221,217	4,491,963	270,746
Agriculture & Food Industries	7%	2,356,512	2,728,640	372,128
Energy & Utilities	7%	2,524,330	2,629,250	104,920
Cement	6%	2,442,825	2,282,947	-159,878
Real Estate Development	4%	1,703,485	1,711,520	8,035
Transport	4%	913,365	1,639,430	726,065
Insurance	3%	1,009,945	998,955	-10,990
Healthcare	2%	713,548	727,200	13,652
Building and Construction	2%	718,905	733,163	14,258
Industrial Investment	2%	639,628	654,240	14,612
Total	100%	37,427,843	38,578,366	1,150,523

		31 December 2019 (Audited)		
	% of market value	Cost SR	Market value SR	Unrealised gain (loss) SR
<i>Equities</i>				
Banking & Financial services	28%	12,724,515	15,691,264	2,966,749
Petrochemical Industries	19%	10,536,415	10,505,334	(31,081)
Retail	16%	8,414,905	8,808,753	393,848
Telecommunication & Information Technology	9%	5,013,816	5,124,307	110,491
Agriculture & Food Industries	3%	1,285,416	1,444,300	158,884
Industrial Investment	3%	1,693,895	1,727,070	33,175
Insurance	2%	859,603	849,920	(9,683)
Real Estate Development	7%	4,005,383	4,140,362	134,979
Cement	5%	2,290,622	2,505,971	215,349
Energy & Utilities	7%	4,098,501	3,963,827	(134,674)
Transport	1%	791,800	916,109	124,309
Total	100%	51,714,871	55,677,217	3,962,346

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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

	<i>For the six-month period ended 30 June</i>	
	2020	2019
	SR	SR
	(Unaudited)	(Unaudited)
Realised (loss) gain	(3,326,262)	12,264,788
Unrealised (loss) gain	(2,811,823)	1,376,578
	<u>(6,138,085)</u>	<u>13,641,366</u>

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Fund has only investments at fair value through profit or loss which is measured at fair values and are classified within level 1 of the fair value hierarchy. Management believes that the fair value of all other financial assets and liabilities at the reporting date approximate their carrying values owing to their short-term tenure and the fact that these are readily liquid. These are all classified within level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current year or prior.

7. OTHER EXPENSES

	<i>For the six-month period ended 30 June</i>	
	2020	2019
	SR	SR
	(Unaudited)	(Unaudited)
Custody and administration fees	59,999	105,473
VAT expense	28,051	53,907
Audit fees	22,500	22,315
Transaction fees	34,200	34,189
Shariah board fees	25,412	14,877
Benchmark index fee	13,953	12,679
Publication of fund information on Tadawul's website	2,500	2,480
Others	3,750	480
	<u>190,365</u>	<u>246,400</u>

Saudi Opportunities Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2020

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. The calculation of the management fee is done on a daily basis and the payment is made on the first valuation day of the following month. Expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund.

Management fee expenses are disclosed in the interim condensed statement of comprehensive income while administration fee and advisory board compensation are disclosed in note 7 to the interim condensed financial statements. Management fee payable and administration fee payable are disclosed on the interim condensed statement of financial position.

Advisory board compensation is disclosed in note 7 to the financial statements and accrued advisory board fee is disclosed in the interim condensed statement of financial position.

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

Units held by related parties

The Unitholders' account as at 30 June 2020 included 796,813 units (31 December 2019: 1,010,515), 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 2020 (Unaudited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	10,189,564	-	10,189,564
Investments at fair value through profit or loss	38,578,366	-	38,578,366
Dividend receivables	42,321	-	42,321
TOTAL ASSETS	48,810,251	-	48,810,251
LIABILITIES			
Management fee payable	73,092	-	73,092
Custody and administration fee payable	10,164	-	10,164
Accrued expenses	68,870	-	68,870
TOTAL LIABILITIES	152,126	-	152,126

Saudi Opportunities Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2020

9. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

<i>As at 31 December 2019 (Audited)</i>	<i>Within 12 months SR</i>	<i>After 12 months SR</i>	<i>Total SR</i>
ASSETS			
Cash and cash equivalents	1,595,227	-	1,595,227
Investments at fair value through profit or loss	55,677,217	-	55,677,217
TOTAL ASSETS	57,272,444	-	57,272,444
LIABILITIES			
Redemption payable	371,221	-	371,221
Management fee payable	187,885	-	187,885
Custody and administration fee payable	10,738	-	10,738
Accrued expenses	93,090	-	93,090
TOTAL LIABILITIES	662,934	-	662,934

10. LAST VALUATION DAY

The last valuation day of the period was 30 June 2020 (2019: 31 December 2019).

11. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of the newly emerging Corona Virus (COVID-19) is still evolving and increasing. Therefore, it is now difficult to predict the magnitude and full extent of the resulting impact on business and the Fund.

It is still not certain what size and extent of these impacts will be determined, depending on future developments that cannot be accurately predicted at the present time, such as the rate of virus transmission and the size and effectiveness of measures taken to contain it. In light of the current uncertainty of the economic impact, it is not possible to make a reliable estimate of the resulting impact at the date of these financial statements being approved.

These developments may affect the future financial results, cash flows and the financial position of the Fund.

12. SUBSEQUENT EVENTS

In the opinion of management, no events have occurred subsequent to the reporting date and before the issuance of these interim condensed consolidated financial statements which requires adjustment to, or disclosure, in these interim condensed financial statements.

13. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund Board on 20 Thul-Hijjah 1441H (Corresponding to 10 August 2020).