

AUDI MURABAHA FUND
(Managed by Audi Capital Company)

INTERIM FINANCIAL STATEMENTS

30 JUNE 2017

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL STATEMENTS TO THE UNITHOLDERS OF AUDI MURABAHA FUND

Introduction:

We have reviewed the accompanying interim balance sheet of Audi Murabaha Fund (the "Fund") as at 30 June 2017, and the related interim statements of operations, cash flows and changes in net assets for the period from 18 December 2016 to 30 June 2017, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with Standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants. Our responsibility is to express a conclusion on these interim financial statements based on our review.

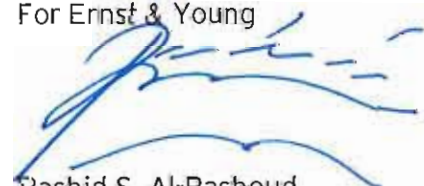
Scope of review

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 to 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 financial statements for the period from 18 December 2016 to 30 June 2017 are not prepared, in all material respects, in accordance with the Standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants.

For Ernst & Young



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



Riyadh: 21 Dhu Al-Qadah 1438H
(13 August 2017)

AUDI MURABAHA FUND

INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2017

	<i>Notes</i>	<i>30 June 2017 (Unaudited) SR</i>
ASSETS		
Bank balance		1,040,289
Money market placements	4	29,708,478
Trading investments	5	10,248,551
Accrued income		154,568
TOTAL ASSETS		41,151,886
LIABILITIES		
Management fee payable	7	13,692
Accrued expenses		45,614
TOTAL LIABILITIES		59,306
NET ASSETS		41,092,580
Units in issue		4,085,294
Per unit value		10.06

The notes 1 to 8 form integral part of these interim financial statements.

AUDI MURABAHA FUND

INTERIM STATEMENT OF OPERATIONS (UNAUDITED)

For the period from 18 December 2016 to 30 June 2017

	<i>Notes</i>	<i>For the period from 18 December to 30 June 2017 (Unaudited) SR</i>
Special commission income		355,136
Trading income	6	58,373
		<u>413,509</u>
Management fees	7	(93,199)
Other expenses		(66,093)
		<u>(159,292)</u>
NET INCOME FROM OPERATIONS		<u><u>254,217</u></u>

The notes 1 to 8 form integral part of these interim financial statements.

AUDI MURABAHA FUND

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 18 December 2016 to 30 June 2017

	<i>Note</i>	<i>30 June 2017 (Unaudited) SR</i>
OPERATING ACTIVITIES		
Net income from operations		254,217
Adjustment for:		
Unrealised gain on trading investments	6	(33,199)
		<u>221,018</u>
Changes in operating assets and liabilities:		
Money market placements		(29,708,478)
Trading investments		(10,215,352)
Accrued income		(154,568)
Management fee payable		13,692
Accrued expenses		45,614
		<u>(39,798,074)</u>
FINANCING ACTIVITIES		
Proceeds from units sold		62,429,973
Value of units redeemed		(21,591,610)
		<u>40,838,363</u>
Net cash from financing activities		<u>40,838,363</u>
NET INCREASE IN BANK BALANCE AND BANK BALANCE AT THE END OF THE PERIOD		<u><u>1,040,289</u></u>
 <i>Supplemental information:</i>		
Special commission income received		<u><u>200,568</u></u>

The notes 1 to 8 form integral part of these interim financial statements.

AUDI MURABAHA FUND

INTERIM STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the period from 18 December 2016 to 30 June 2017

	<i>For the period from 18 December 2016 to 30 June 2017</i>
	SR
CHANGES FROM OPERATIONS	
Net income from operations	254,217
CHANGES FROM CAPITAL TRANSACTIONS	
Proceeds from units sold	62,429,973
Value of units redeemed	(21,591,610)
Net change from capital transactions	40,838,363
NET ASSETS AT THE END OF THE PERIOD	41,092,580

UNIT TRANSACTIONS

Transactions in units for the period are for the period from 18 December 2016 to 30 June 2017 summarised as follows:

	<i>For the period from 18 December 2016 to 30 June 2017</i>
	SR
Units sold	6,239,001
Units redeemed	(2,153,707)
UNITS AT THE END OF THE PERIOD	4,085,294

The notes 1 to 8 form integral part of these interim financial statements.

AUDI MURABAHA FUND

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2017

1 GENERAL

Audi Murabaha 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 a variety of financial instruments with low risk and high liquidity, including Murabaha deposits with banks and Sukuk, in addition to investing in public Murabaha and fixed income mutual funds which are offered in Saudi Arabia and managed by an Authorized Person licensed by the CMA.

The Fund was established on 16 Safar 1437 (corresponding to 16 November 2016) as per approval from the Capital Market Authority (the "CMA") and commenced its operations on 18 December 2016.

The books and records of the Fund are maintained in Saudi Riyals (SAR).

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

2 REGULATORY AUTHORITY

The Fund is governed by the 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 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").

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.

Special commission income is recognized on an effective yield basis.

Investment valuation

Money market placements are carried at amortised cost.

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 MURABAHA FUND

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

At 30 June 2017

4 MONEY MARKET PLACEMENTS

	<i>SR</i>
Murabaha investments with banks	<u>29,708,478</u>

5 TRADING INVESTMENTS

Trading investments comprises investments in the following:

<i>Securities</i>	<i>Market value SR</i>	<i>Cost SR</i>	<i>Unrealized gain SR</i>
Al-Yusr Sukuk Fund	6,166,116	6,140,604	25,512
SAIB Trade Finance Fund	4,082,435	4,074,748	7,687
	<u>10,248,551</u>	<u>10,215,352</u>	<u>33,199</u>

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

6 TRADING INCOME

	<i>For the period from 18 December 2016 to 30 June 2017 (Unaudited) SR</i>
Realised gain on trading investment	25,174
Unrealised gain on trading investment	33,199
	<u>58,373</u>

7 TRANSACTIONS WITH RELATED PARTIES

The Fund pays management fee calculated at an annual rate of 0.4% of the net asset value. Expenses paid by the Fund Manager on behalf of the Fund are reimbursed from the Fund.

Management fee expense is disclosed on the interim statement of operations. Management fee payable is disclosed on the interim balance sheet.

Trade transactions are executed through the Fund Manager.

The Unit Holders' account at 30 June 2017 included 302,400 units held by another fund managed by the Fund Manager.

8 LAST VALUATION DAY

The last valuation day for the period was 30 June 2017.