

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

**INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2017**

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

### Introduction:

We have reviewed the accompanying interim balance sheet of Arabian Opportunities Fund (the "Fund") as at 30 June 2017, and the related interim statements of operations, cash flows and changes in net assets for the six month period then ended, 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.

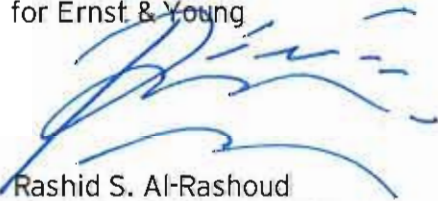
### Scope of Review:

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 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 Dhul Qadah 1438H  
(13 August 2017)

# Arabian Opportunities Fund

## INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2017

|                            | <i>Notes</i> | <b>30 June<br/>2017<br/>(Unaudited)<br/>USD</b> | <b>31 December<br/>2016<br/>(Audited)<br/>USD</b> | <b>30 June<br/>2016<br/>(Unaudited)<br/>USD</b> |
|----------------------------|--------------|---|---|---|
| <b>ASSETS</b>              |              |   |   |   |
| Bank balances              |              | 1,309,282                                       | 1,266,829   | 2,005,994                                       |
| Trading investments        | 4            | 11,744,881                                      | 17,079,339  | 17,377,488                                      |
| Other receivables          |              | 15,125  | 1,087,289   | 287,207   |
| <b>TOTAL ASSETS</b>        |              | <b>13,069,288</b>                               | <b>19,433,457</b>                                 | <b>19,670,689</b>                               |
| <b>LIABILITIES</b>         |              |   |   |   |
| Management fee payable     | 6            | 21,011  | 32,708  | 32,594  |
| Custody fee payable        |              | 2,466   | 2,541   | 2,459   |
| Administration fee payable | 6            | 2,466   | 2,541   | 2,467   |
| Accrued expenses           |              | 5,373   | 16,490  | 11,881  |
| <b>TOTAL LIABILITIES</b>   |              | <b>31,316</b>                                   | <b>54,280</b>                                     | <b>49,401</b>                                   |
| <b>NET ASSETS</b>          |              | <b>13,037,972</b>                               | <b>19,379,177</b>                                 | <b>19,621,288</b>                               |
| Units in issue             |              | 965,673   | 1,516,714   | 1,527,986                                       |
| Per unit value             |              | 13.50   | 12.78   | 12.84   |

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

Arabian Opportunities Fund

INTERIM STATEMENT OF OPERATIONS (UNAUDITED)

For the six months period ended 30 June 2017

|  | <i>Notes</i> | <i>For the six<br/>months<br/>period ended<br/>30 June<br/>2017<br/>(Unaudited)<br/>USD</i> | <i>For the six<br/>months<br/>period ended<br/>30 June<br/>2016<br/>(Unaudited)<br/>USD</i> |
|--|--------------|---|---|
| <b>INCOME</b>                            |              |   |   |
| Trading income (loss), net               | 5            | <u>1,059,508</u>  | <u>(1,708,928)</u>  |
| <b>EXPENSES</b>                          |              |   |   |
| Management fees                          | 6            | (158,049)   | (285,148)   |
| Other expenses                           |              | <u>(80,026)</u>   | <u>(106,309)</u>  |
|  |              | <u>(238,075)</u>  | <u>(391,457)</u>  |
| <b>NET INCOME (LOSS) FROM OPERATIONS</b> |              | <u><u>821,433</u></u>   | <u><u>(2,100,385)</u></u>   |

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

Arabian Opportunities Fund

INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2017

|   | <i>For the<br/>period six<br/>months<br/>ended 30 June<br/>2017<br/>(Unaudited)<br/>USD</i> | <i>For the<br/>period six<br/>months ended<br/>30 June<br/>2016<br/>(Unaudited)<br/>USD</i> |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>                   |   |   |
| Net income (loss) from operations             | 821,433   | (2,100,385)   |
| Adjustment for:                               |   |   |
| Unrealised gain on trading investments        | (231,840)   | (2,561,846)   |
|   | <u>589,593</u>  | <u>(4,662,231)</u>  |
| Changes in operating assets and liabilities:  |   |   |
| Trading investments, net                      | 5,566,298   | 28,114,602  |
| Other receivable                              | 1,072,164   | 2,180,881   |
| Management fee payable                        | (11,697)  | (44,208)  |
| Custody fee payable                           | (75)  | (1,381)   |
| Administration fee payable                    | (75)  | (3,293)   |
| Accrued expenses                              | (11,117)  | 1,560   |
|   | <u>7,205,091</u>  | <u>25,585,930</u>   |
| <b>FINANCING ACTIVITIES</b>                   |   |   |
| Value of units redeemed                       | (7,162,638)   | (24,480,761)  |
|   | <u>(7,162,638)</u>  | <u>(24,480,761)</u>   |
| <b>NET INCREASE IN BANK BALANCES</b>          | <b>42,453</b>   | <b>1,105,169</b>  |
| Bank balances at the beginning of the period  | <u>1,266,829</u>  | <u>900,825</u>  |
| <b>BANK BALANCES AT THE END OF THE PERIOD</b> | <b><u>1,309,282</u></b>   | <b><u>2,005,994</u></b>   |

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

Arabian Opportunities Fund

STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months period ended 30 June 2017

|  | <i>For the six<br/>months period<br/>ended 30 June<br/>2017<br/>(Unaudited)<br/>USD</i> | <i>For the six<br/>months period<br/>ended 30 June<br/>2016<br/>(Unaudited)<br/>USD</i> |
|--|---|---|
| <b>NET ASSETS VALUE AT THE BEGINNING OF THE PERIOD</b> | <u>19,379,177</u>   | <u>46,202,434</u>   |
| <b>NET INCOME (LOSS) FROM OPERATIONS</b>               | <u>821,433</u>  | <u>(2,100,385)</u>  |
| <b>CHANGES FROM CAPITAL TRANSACTIONS</b>               |   |   |
| Value of units redeemed                                | <u>(7,162,638)</u>  | <u>(24,480,761)</u>   |
| Net change from capital transactions                   | <u>(7,162,638)</u>  | <u>(24,480,761)</u>   |
| <b>NET ASSETS VALUE AT THE END OF THE PERIOD</b>       | <u><u>13,037,972</u></u>  | <u><u>19,621,288</u></u>  |

**UNITS TRANSACTIONS**

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

|   | <i>For the six<br/>months<br/>period ended<br/>30 June<br/>2017<br/>(Unaudited)</i> | <i>For the six<br/>Months<br/>period ended<br/>30 June<br/>2016<br/>(Unaudited)</i> |
|---|---|---|
| <b>UNITS AT THE BEGINNING OF THE PERIOD</b> | <u>1,516,714</u>  | <u>3,486,426</u>  |
| Units redeemed                              | <u>(551,041)</u>  | <u>(1,958,440)</u>  |
| Net decrease in units                       | <u>(551,041)</u>  | <u>(1,958,440)</u>  |
| <b>UNITS AT THE END OF THE PERIOD</b>       | <u><u>965,673</u></u>   | <u><u>1,527,986</u></u>   |

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

# Arabian Opportunities Fund

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2017

### 1 GENERAL

Arabian 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 achieve capital appreciation primarily through investment in equities listed on the regulated stock markets of the members of the Arab League and in tradable debt instruments of corporate and sovereign issuers from the Arab League countries.

The Fund was established on 16 Shabaan 1428H (corresponding to 29 August 2007) as per approval from the Capital Market Authority ("CMA") and 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 REGULATORY 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. The enhanced requirements of Annexure 5(e) of the Amended Regulations are effective from 2017.

### 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 for the year ended 31 December 2016.

#### *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*

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 dividends from such investments.

#### *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*

Investment 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 are not provided for in these interim financial statements.

#### *Expenses*

Expenses are recognised on an accrual basis.

# Arabian Opportunities 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 2017 (Unaudited):*

|  | <i>% of<br/>market value</i> | <i>Market value<br/>USD</i> |
|--|------------------------------|-----------------------------|
| Banks                                    | 33.20%                       | 3,899,547                   |
| Wholesale and retail sector              | 21.18%                       | 2,487,252                   |
| Real estate development and construction | 14.65%                       | 1,720,077                   |
| Telecommunication                        | 11.28%                       | 1,324,779                   |
| Chemicals                                | 10.16%                       | 1,192,907                   |
| Consumer goods                           | 4.26%                        | 500,097                     |
| Shipping and transportation              | 1.95%                        | 229,116                     |
| Health care                              | 1.89%                        | 221,781                     |
| Oil equipment and services               | 1.43%                        | 169,325                     |
|  | <u>100%</u>                  | <u>11,744,881</u>           |

*As at 31 December 2016 (Audited):*

|  | <i>% of<br/>market value</i> | <i>Market value<br/>USD</i> |
|--|------------------------------|-----------------------------|
| Banks                                    | 36.61%                       | 6,252,567                   |
| Real estate development and construction | 16.25%                       | 2,776,032                   |
| Chemicals                                | 12.71%                       | 2,170,524                   |
| Consumer goods                           | 9.24%                        | 1,578,057                   |
| Telecommunication                        | 8.65%                        | 1,477,680                   |
| Wholesale and retail sector              | 6.40%                        | 1,092,492                   |
| Health care                              | 4.57%                        | 780,220                     |
| Shipping and transportation              | 2.81%                        | 480,685                     |
| Travel and leisure                       | 1.59%                        | 270,845                     |
| Oil equipment and services               | 1.17%                        | 200,237                     |
|  | <u>100%</u>                  | <u>17,079,339</u>           |

*As at 30 June 2016 (Unaudited):*

|  | <i>% of<br/>market value</i> | <i>Market value<br/>USD</i> |
|--|------------------------------|-----------------------------|
| Banks                                    | 28.73%                       | 4,993,060                   |
| Real estate development and construction | 12.67%                       | 2,202,582                   |
| Consumer goods                           | 9.91%                        | 1,721,659                   |
| Petrochemical and manufacturing          | 9.43%                        | 1,638,500                   |
| Wholesale and retail sector              | 8.52%                        | 1,480,678                   |
| Oil equipment and services               | 7.28%                        | 1,264,515                   |
| Telecommunication                        | 7.08%                        | 1,230,275                   |
| Shipping and transportation              | 6.78%                        | 1,178,248                   |
| Health care                              | 5.06%                        | 878,974                     |
| Travel and leisure                       | 4.54%                        | 788,997                     |
|  | <u>100%</u>                  | <u>17,377,488</u>           |



## Arabian Opportunities Fund

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

At 30 June 2017

#### 4 TRADING INVESTMENTS (continued)

Equity investments are unrated equity instruments listed on the stock exchange of GCC countries. 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

|   | <i>For the six<br/>months period<br/>ended 30 June<br/>2017<br/>(Unaudited)<br/>USD</i> | <i>For the six<br/>months period<br/>ended 30 June<br/>2016<br/>(Unaudited)<br/>USD</i> |
|---|---|---|
| Realised gain (loss) on trading investments | 335,843   | (4,876,986)   |
| Unrealised gain on trading investments      | 231,840   | 2,561,846   |
| Dividend income                             | 491,825   | 606,212   |
|   | <u>1,059,508</u>  | <u>(1,708,928)</u>  |

#### 6 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Fund pays a management fee calculated at an annual rate of 2% of the net asset value on the last valuation day of the relevant month. Additionally, the Fund Manager also charges an administration fee at annual rate of 0.15% of the net asset value on the last valuation day of relevant month, subject to minimum of USD 30,000 per annum. 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 the Fund administration fee amounting to USD 14,877 (for the six months period ended 30 June 2016: USD 19,042). Management fee payable and administration 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 2017 included 408,292 units (30 June 2016: 492,921), held by affiliates of the Fund Manager.

#### 7 LAST VALUATION DAY

The last valuation day of the period was 30 June 2017 (six months period ended 30 June 2016: 30 June 2016).

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

### Introduction:

We have reviewed the accompanying interim balance sheet of Arabian Opportunities Fund (the "Fund") as at 30 June 2017, and the related interim statements of operations, cash flows and changes in net assets for the six month period then ended, 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.

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### Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the Standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants.

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(13 August 2017)