

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

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2019



Ernst & Young & Co. (Certified Public Accountants)
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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-Hijjah1440H
(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>	<i>30 June 2019 SR</i>	<i>31 December 2018 SR</i>
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

	<i>Notes</i>	2019 SR	2018 SR
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
		<hr/> 15,858,991	<hr/> 12,246,983
EXPENSES			
Management fees	8	(922,889)	(808,752)
Other expenses	7	(246,400)	(227,492)
		<hr/> (1,169,289)	<hr/> (1,036,244)
NET INCOME FOR THE PERIOD		14,689,702	11,210,739
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<hr/> -	<hr/> -
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<hr/> 14,689,702	<hr/> 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 <i>Units</i>	2018 <i>Units</i>
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>
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	(42,164,346)	57,603,447
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,779,417)</u>	<u>2,684,429</u>
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><u>7,118,426</u></u>	<u><u>7,064,450</u></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 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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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

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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> SR	<i>Level 2</i> SR	<i>Level 3</i> SR	<i>Total</i> SR
Investments at FVPL	79,261,858	-	-	79,261,858
Total	79,261,858	-	-	79,261,858

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