

Audi Income Fund
(Managed by Audi Capital Company)

**UNAUDITED INTERIM CONDENSED FINANCIAL
STATEMENTS**

FOR THE SIX-MONTH PERIOD 30 JUNE 2021

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Audi Income Fund (the "Fund") managed by Audi Capital Company (the "Fund Manager") as at 30 June 2021, and the related interim condensed statements of comprehensive income, changes in equity and cash flows 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 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



Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354

Riyadh: 8 Muharram 1443H
(16 August 2021)



Audi Income Fund
(Managed by Audi Capital Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
ASSETS			
Cash and cash equivalents		151,897	135,266
Investments at fair value through profit or loss	4	6,742,791	7,207,825
Special commission receivable		76,819	73,888
Other assets		315	315
TOTAL ASSETS		6,971,822	7,417,294
LIABILITIES AND EQUITY			
LIABILITIES			
Management fee payable	8	8,690	4,678
Custody and administration fee payable		2,630	2,710
Accrued expenses		23,237	22,252
TOTAL LIABILITIES		34,557	29,640
EQUITY			
Net assets attributable to the Unitholders of redeemable units		6,937,265	7,387,654
TOTAL LIABILITIES AND EQUITY		6,971,822	7,417,294
Redeemable units in issue		715,694	754,052
Net assets value attributable to each unit		9.69	9.80

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

Audi Income Fund
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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

		30 June 2021 USD (Unaudited)	30 June 2020 USD (Unaudited)
	Notes		
INCOME (LOSS)			
Net gain (loss) from investments at fair value through profit or loss	5	23,663	(620,604)
Special commission income		154,194	215,208
		<hr/>	<hr/>
		177,857	(405,396)
		<hr/>	<hr/>
EXPENSES			
Management fees	8	(25,927)	(32,203)
Other expenses	7	(41,629)	(39,904)
		<hr/>	<hr/>
		(67,556)	(72,107)
		<hr/>	<hr/>
PROFIT (LOSS) FOR THE PERIOD		110,301	(477,503)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		110,301	(477,503)
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The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	30 June 2021 USD (Unaudited)	30 June 2020 USD (Unaudited)
EQUITY AT THE BEGINNING OF THE PERIOD	7,387,654	9,865,658
Profit (loss) for the period	110,301	(477,503)
Other comprehensive income for the period	-	-
Total comprehensive income (loss) for the period	110,301	(477,503)
Dividends paid during the period (note 9)	(188,436)	(212,612)
Proceeds from units issued during the period	15,818	34,000
Value of units redeemed during the year	(388,072)	(1,361,871)
EQUITY AT THE END OF THE PERIOD	6,937,265	7,847,672

REDEEMABLE UNITS TRANSACTIONS

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

	30 June 2021 Units (Unaudited)	30 June 2020 Units (Unaudited)
UNITS AT THE BEGINNING OF THE PERIOD	754,052	961,543
Units issued during the period	1,642	3,424
Units redeemed during the period	(40,000)	(140,000)
Net decrease in units	(38,358)	(136,576)
UNITS AT THE END OF THE PERIOD	715,694	824,967

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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2021

		30 June 2021 USD (Unaudited)	30 June 2020 USD (Unaudited)
	Notes		
OPERATING ACTIVITIES			
Profit (loss) for the period		110,301	(477,503)
<i>Adjustment to reconcile profit (loss) for the period to net cash from operating activities:</i>			
Unrealized (gain) loss on investments at fair value through profit or loss	5	(31,328)	290,772
		78,973	(186,731)
<i>Working capital adjustments:</i>			
Decrease in investments at fair value through profit or loss		496,362	1,541,721
Decrease in receivable from investment sold		-	421,785
(Increase) decrease in special commission receivable		(2,931)	12,770
Decrease in other assets		-	5120
Increase (decrease) in management fee payable		4,012	(1,418)
Decrease in custody and administration fee payable		(80)	(95)
Increase (decrease) in accrued expenses		985	(4,131)
Net cash from operating activities		577,321	1,789,021
FINANCING ACTIVITIES			
Proceeds from units sold		15,818	34,000
Value of units redeemed		(388,072)	(1,361,871)
Dividends paid	9	(188,436)	(212,612)
Net cash used in financing activities		(560,690)	(1,540,483)
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,631	248,538
Cash and cash equivalents at the beginning of the period		135,266	47,024
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		151,897	295,562

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

Audi Income Fund

(Managed by Audi Capital Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2021

1. GENERAL

Audi Income 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 Fund was established on 5 Jumada Al-Akhirah 1440H (corresponding to 10 February 2019) as per approval from the Capital Market Authority (“CMA”) and commenced its operations on 6 Sha’ban 1440H (corresponding to 11 April 2019).

The objective of the Fund is to distribute income to its unitholders through investing in local, regional market and international sukuk.

The Fund has appointed HSBC Saudi Arabia to act as its custodian (the “Custodian”) and administrator (the “Administrator”). The fees of the custodian’s 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 Olaya - 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”) detailing requirements for all investment funds operating within the Kingdom of Saudi Arabia and published by the CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were further amended on 16 Sha’aban 1437H (corresponding to 23 May 2016) (the “Amended Regulations”).

3. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

3.1 Basis of preparation

These interim condensed financial statements for the six-month period ended 30 June 2021 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 2020.

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 US Dollars (“USD”), which is the functional currency of the Fund, and all values are rounded to the nearest one USD, 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 2020. There are new standards, amendments and interpretations apply for the first time in 2021, 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.

Audi Income Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	% of Market Value	Cost USD	Market value USD	Unrealised (loss) USD
<i>30 June 2021 (Unaudited)</i>				
Investments in Sukuk	96%	6,224,976	6,439,976	215,000
Investments in Exchange Traded Funds	4%	306,671	302,815	(3,856)
	100%	6,531,647	6,742,791	211,144
<i>31 December 2020 (Audited)</i>				
Investments in Sukuk	86%	5,997,821	6,177,001	179,180
Investments in Exchange Traded Funds	14%	1,030,187	1,030,824	637
	100%	7,028,008	7,207,825	179,817

The composition of investments is summarised below:

	Maturity date	30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<i>Sukuks</i>			
Mazoon Assets Co	8 November 2027	423,572	411,588
Mumtalakat Sukuk Holding Co	21 January 2027	407,000	-
ICD Sukuk Co Ltd	1 February 2027	334,463	541,973
Saudi Electricity Company Global Sukuk	27 January 2024	324,861	325,707
Mumtalakat Sukuk Holding Co	27 February 2024	320,625	323,250
Arabian Centres Sukuk Ltd	26 November 2024	316,125	511,250
Oman Sovereign Sukuk	1 June 2024	311,882	309,359
Almarai Sukuk Ltd	5 March 2024	270,114	269,240
Dar Al Arkan Sukuk Co Ltd	21 March 2023	260,108	255,702
DIB Sukuk Ltd	14 February 2022	254,406	257,280
Dar Al Arkan Sukuk Co Ltd	26 February 2027	251,875	250,000
Tabreed Sukuk SPC	31 October 2025	230,589	233,706
MAF Sukuk Ltd	14 May 2029	225,750	-
Adib Capital Invest	20 September 2023	218,500	215,750
DP World Crescent Ltd	18 July 2029	217,505	439,456
DIB Tier 1 Sukuk 3 Ltd	22 January 2025	216,318	216,498
DIFC Sukuk Limited	16 September 2021	215,152	210,058
Nogaholding Sukuk Ltd	8 April 2029	211,500	-
KIB Tier 1 Sukuk Ltd	10 June 2024	210,250	203,250
Emaar Sukuk Ltd	15 September 2026	206,283	-
MAR Sukuk Ltd	2 September 2025	205,320	-
Ahli United Sukuk	25 October 2021	202,500	200,500
Saudi Electricity Global Sukuk	17 September 2030	202,893	-
QIB Sukuk Ltd	27 October 2025	202,798	-
Fab Sukuk Co Ltd	14 January 2026	199,587	-
Ei Sukuk Co Ltd	31 May 2021	-	304,116
SD International Sukuk Ltd	9 May 2022	-	296,250
Noor Tier 1 Sukuk Ltd	1 June 2021	-	201,290
Boubyan Tier 1 Capital	16 May 2021	-	200,778
		6,439,976	6,177,001

Audi Income Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2021

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	30 June 2021 USD (Unaudited)	31 December 2020 USD (Audited)
<i>Exchange Traded Funds (ETFs)</i>		
Albilad Saudi Sovereign Sukuk ETF	85,665	700,085
Alinma Saudi Government Sukuk ETF Fund - Short Maturity	217,150	330,739
	<u>302,815</u>	<u>1,030,824</u>
TOTAL	<u>6,742,791</u>	<u>7,207,825</u>

The average effective special commission rates for these instruments are 2.29% as at 30 June 2021 (unaudited) (31 December 2020: and 5.36% (audited)).

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

	<i>For the six-month period ended 30 June</i>	
	2021 USD (Unaudited)	2020 USD (Unaudited)
Realised loss	(7,665)	(329,832)
Unrealised gain (loss)	31,328	(290,772)
	<u>23,663</u>	<u>(620,604)</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 2 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 year.

7. OTHER EXPENSES

	<i>For the six-month period ended 30 June</i>	
	2021 USD (Unaudited)	2020 USD (Unaudited)
Custody fee	7,935	7,957
Admin fee	7,935	7,957
VAT expense	7,299	2,757
Audit fee	5,951	5,968
Shariah fee	3,967	3,978
Benchmark fee	3,471	6,463
Board fee	3,111	2,734
CMA fee	992	994
Tadawul fee	661	663
Transactions charges	256	384
Miscellaneous fee	51	49
	<u>41,629</u>	<u>39,904</u>

Audi Income Fund

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2021

8. TRANSACTIONS WITH RELATED PARTIES

Management fee and other transactions

The Fund pays a management fee calculated on every valuation day, at an annual rate of 0.75% of the net assets. 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 is disclosed in the interim condensed statement of comprehensive income while advisory board compensation are disclosed in note 7 to the interim condensed financial statements. Management fee payable are disclosed on 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 Unit Holders' account as at 30 June 2021 included 403,232 units (unaudited) (31 December 2020: 443,232 units(audited)), held by affiliates of the Fund Manager.

9. DIVIDENDS

The Fund distributed the following dividends for the period ended 30 June 2021:

<i>Date of distribution</i>	<i>USD</i>
8 January 2021	96,136
8 April 2021	92,300
	<u>188,436</u>

The Fund distributed the following dividends for the period ended 30 June 2020:

<i>Date of distribution</i>	<i>USD</i>
13 January 2020	131,088
13 April 2020	81,524
	<u>212,612</u>

10. 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>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
<i>As at 30 June 2021 (Unaudited)</i>			
ASSETS			
Cash and cash equivalents	151,897	-	151,897
Investments at FVTPL	6,742,791	-	6,742,791
Special commission receivable	76,819	-	76,819
Other assets	315	-	315
TOTAL ASSETS	<u>6,971,822</u>	<u>-</u>	<u>6,971,822</u>
LIABILITIES			
Management fee payable	8,690	-	8,690
Custody and administration fee payable	2,630	-	2,630
Accrued expenses	23,237	-	23,237
TOTAL LIABILITIES	<u>34,557</u>	<u>-</u>	<u>34,557</u>

Audi Income Fund
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2021

10. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (continued)

	<i>Within 12 months USD</i>	<i>After 12 months USD</i>	<i>Total USD</i>
<i>As at 31 December 2020 (Audited)</i>			
ASSETS			
Cash and cash equivalents	135,266	-	135,266
Investments at FVTPL	7,207,825	-	7,207,825
Special commission receivable	73,888	-	73,888
Other assets	315	-	315
TOTAL ASSETS	<u>7,417,294</u>	<u>-</u>	<u>7,417,294</u>
LIABILITIES			
Management fee payable	4,678	-	4,678
Custody and administration fee payable	2,710	-	2,710
Accrued expenses	22,252	-	22,252
TOTAL LIABILITIES	<u>29,640</u>	<u>-</u>	<u>29,640</u>

11. LAST VALUATION DAY

The last valuation day of the period was 30 June 2021 (2020: 31 December 2020).

12. 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 interim condensed financial statements being approved.

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

13. SUBSEQUENT EVENTS

The Fund has decided to distribute dividends to the unitholders of USD 67,224 corresponding to USD 0.093928 for each unit held by the Unitholders on 7 July 2021.

14. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements are approved by the Fund Board on 8 Muharram 1443H (corresponding to 16 August 2021).