

**Audi Income Fund  
Open-Ended Mutual Fund  
(Managed by Audi Capital Company)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT TO THE  
UNITHOLDERS AND THE FUND MANAGER**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

**Audi Income Fund**  
**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**Interim Condensed Financial Statements (Unaudited)**  
**For the six-month period ended 30 June 2023**

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## Report on review of interim condensed financial statements

To the Unitholders and the Fund Manager of  
Audi Income Fund

### Introduction

We have reviewed the accompanying interim statement of financial position of Audi Income Fund (the "Fund") as of 30 June 2023 and the related interim statements of comprehensive income, changes in equity attributable to the Unitholders and cash flows for the six-month period then ended and other explanatory notes. Fund Manager 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), as 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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, as 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, as endorsed in the Kingdom of Saudi Arabia.

### PricewaterhouseCoopers

Ali A. Alotaibi  
License Number 379

9 August 2023



**Audi Income Fund**  
**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
(All amounts in United States Dollar unless otherwise stated)

|   | <b>Note</b> | <b>As at<br/>30 June<br/>2023<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2022<br/>(Audited)</b> |
|---|-------------|---|---|
| <b>Assets</b>   |             |   |   |
| Cash and cash equivalents                                       |             | <b>85,383</b>                                     | 150,349   |
| Investments carried at fair value through profit or loss (FVPL) | 5           | <b>2,767,343</b>                                  | 4,229,689   |
| Special commission receivable and other assets                  |             | <b>38,026</b>                                     | 55,976  |
| <b>Total assets</b>   |             | <b>2,890,752</b>                                  | 4,436,014   |
| <b>Liabilities</b>  |             |   |   |
| Management fee payable  | 7           | <b>1,892</b>                                      | 2,841   |
| Custody and administration fee payable                          |             | <b>2,631</b>                                      | 2,716   |
| Other accrued expenses  | 8           | <b>33,825</b>                                     | 30,226  |
| <b>Total liabilities</b>  |             | <b>38,348</b>                                     | 35,783  |
| <b>Equity attributable to the Unitholders</b>                   |             | <b>2,852,404</b>                                  | 4,400,231   |
| Units in issue (number)   |             | <b>334,253.81</b>                                 | 508,927.87  |
| <b>Equity per unit in USD Dollars</b>                           |             | <b>8.53</b>                                       | 8.65  |

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**Audi Income Fund**  
**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
(All amounts in United States Dollar unless otherwise stated)

|   |             | <b>For the six-month period ended</b> |             |
|---|-------------|---------------------------------------|-------------|
|   |             | <b>30 June</b>                        |             |
|   | <b>Note</b> | <b>2023</b>                           | <b>2022</b> |
| <b><u>Income</u></b>                                      |             |                                       |             |
| Net gain/ (loss) from investments carried at FVPL         | 6           | <b>11,788</b>                         | (289,865)   |
| Special commission income                                 |             | <b>96,453</b>                         | 127,044     |
| <b>Total income / (loss)</b>                              |             | <b>108,241</b>                        | (162,821)   |
| <b><u>Expenses</u></b>                                    |             |                                       |             |
| Management fee expense                                    | 7           | <b>(14,726)</b>                       | (21,149)    |
| Other expenses  | 9           | <b>(38,078)</b>                       | (39,276)    |
| <b>Total expenses</b>                                     |             | <b>(52,804)</b>                       | (60,425)    |
| <b>Net income / (loss) for the period</b>                 |             | <b>55,437</b>                         | (223,246)   |
| <b>Other comprehensive income for the period</b>          |             | <b>-</b>                              | <b>-</b>    |
| <b>Total comprehensive income / (loss) for the period</b> |             | <b>55,437</b>                         | (223,246)   |

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**Audi Income Fund**  
**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**INTERIM STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO THE UNITHOLDERS**  
**(UNAUDITED)**  
(All amounts in United States Dollar unless otherwise stated)

|  | Note | <b>For the six-month period ended</b> |             |
|--|------|---------------------------------------|-------------|
|  |      | <b>30 June</b>                        |             |
|  |      | <b>2023</b>                           | <b>2022</b> |
| <b>Equity attributable to the Unitholders at the beginning of the period</b> |      | <b>4,400,231</b>                      | 5,928,133   |
| <b>Changes from operations</b>   |      |                                       |             |
| Total comprehensive income / (loss) for the period                           |      | <b>55,437</b>                         | (223,246)   |
| <b>Changes from unit transactions</b>  |      |                                       |             |
| Issuance of units  |      | -                                     | -           |
| Redemption of units  |      | <b>(1,495,474)</b>                    | (31,771)    |
|  |      | <b>(1,495,474)</b>                    | (31,771)    |
| Dividend paid during the period  | 10   | <b>(107,790)</b>                      | (135,153)   |
| <b>Equity attributable to the Unitholders at the end of the period</b>       |      | <b>2,852,404</b>                      | 5,537,963   |

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

|   | <b>For the six-month period ended</b> |              |
|---|---------------------------------------|--------------|
|   | <b>30 June</b>                        |              |
|   | <b>2023</b>                           | <b>2022</b>  |
|   | <b>Units</b>                          | <b>Units</b> |
| <b>Units at the beginning of the period</b> | <b>508,927.87</b>                     | 625,689      |
| Units issued during the period              | -                                     | -            |
| Units redeemed during the period            | <b>(174,674.06)</b>                   | (3,424)      |
|   | <b>(174,674.06)</b>                   | (3,424)      |
| <b>Units at the end of the period</b>       | <b>334,253.81</b>                     | 622,265      |

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**Audi Income Fund**  
**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
(All amounts in United States Dollar unless otherwise stated)

|   |             | <b>For the six-month period ended</b> |             |
|---|-------------|---------------------------------------|-------------|
|   | <b>Note</b> | <b>30 June</b>                        |             |
|   |             | <b>2023</b>                           | <b>2022</b> |
| <b>Cash flows from operating activities</b>                     |             |                                       |             |
| Net income / (loss) for the period                              |             | <b>55,437</b>                         | (223,246)   |
| <b>Adjustment for:</b>  |             |                                       |             |
| Net movement in unrealized (gain) / loss on investments at FVPL | 6           | <b>(73,548)</b>                       | 278,224     |
|   |             | <b>(18,111)</b>                       | 54,978      |
| <b>Net changes in operating assets and liabilities:</b>         |             |                                       |             |
| Investments carried at FVPL                                     |             | <b>1,535,894</b>                      | 163,884     |
| Due from a broker for securities sold                           |             | -                                     | (198,236)   |
| Special commission receivables                                  |             | <b>17,950</b>                         | 10,301      |
| Due to a broker for securities purchased                        |             | -                                     | 177,269     |
| Management fee payable  |             | <b>(949)</b>                          | (400)       |
| Custody and administration fee payable                          |             | <b>(85)</b>                           | (86)        |
| Other Accrued expenses  |             | <b>3,599</b>                          | (6,823)     |
| <b>Net cash generated from operating activities</b>             |             | <b>1,538,298</b>                      | 200,887     |
| <b>Cash flows from financing activities:</b>                    |             |                                       |             |
| Payments against units redeemed                                 |             | <b>(1,495,474)</b>                    | (31,771)    |
| Dividends paid  | 10          | <b>(107,790)</b>                      | (135,153)   |
| <b>Net cash used in financing activities</b>                    |             | <b>(1,603,264)</b>                    | (166,924)   |
| <b>Net change in cash and cash equivalents</b>                  |             | <b>(64,966)</b>                       | 33,963      |
| Cash and cash equivalents at the beginning of the period        |             | <b>150,349</b>                        | 6,924       |
| <b>Cash and cash equivalents at the end of the period</b>       |             | <b>85,383</b>                         | 40,887      |
| <b>Supplemental information</b>                                 |             |                                       |             |
| Purchases of investments  |             | <b>53,250</b>                         | 177,269     |
| Sales of investments  |             | <b>1,543,309</b>                      | 341,153     |

The accompanying notes from 1 to 16 form an integral part of these interim condensed financial statements.

**Audi Income Fund**  
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**Notes to the interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts in United States Dollar unless otherwise stated)

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**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”) published by CMA on 3 Dhul Hijja 1427H (corresponding to 24 December 2006) thereafter amended on 16 Sha’ban 1437H (corresponding to 23 May 2016). The regulation was further amended (the “Amended Regulations”) on 17 Rajab 1442H (corresponding to 1 March 2021) detailing requirements for all funds within the Kingdom of Saudi Arabia. The Amended Regulations have effective dates starting from 19 Ramadan 1442H (corresponding to 1 May 2021).

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

These interim condensed financial statements of the Fund have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and should be read in conjunction with the Fund’s last annual financial statement for the year ended 31 December 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

**3.2 Basis of measurement**

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments held at fair value through profit or loss (FVPL) which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

**3.3 Functional and Presentation Currency**

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in United States Dollar (“USD”) which is the Fund’s functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into USD using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into USD using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, as mentioned below, 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. The management believe that these no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable, when effective.



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**Notes to the interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts in United States Dollar unless otherwise stated)

**4 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**New standards, interpretations and amendments adopted by the Fund**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after 1 January 2023. The management has assessed that the amendments have no significant impact on the Fund's interim condensed financial statements.

| <b>Standard, interpretation, amendments</b>   | <b>Description</b>  | <b>Effective date</b>                               |
|---|---|---|
| Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8                                      | The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.  | Annual periods beginning on or after 1 January 2023 |
| Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction | These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.  | Annual periods beginning on or after 1 January 2023 |
| IFRS 17, 'Insurance contracts'  | This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changed the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. | Annual periods beginning on or after 1 January 2023 |
| Amendment to IAS 12 - International tax reform - pillar two model rules                               | These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.     | Annual periods beginning on or after 1 January 2023 |

The listing of standards and interpretations issued which the Fund reasonably expects to be applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective.

| <b>Standard, interpretation, amendments</b>   | <b>Description</b>   | <b>Effective date</b>  |
|---|--|--|
| Amendments to IAS 1, Presentation of financial statements', classification of liabilities     | <p>These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period.</p> <p>Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.</p> <p>Note that the IASB has issued a new exposure draft proposing change to this amendment.</p> | Deferred until accounting periods starting not earlier than 1 January 2024 |
| Amendment to IFRS 16 – Leases on sale and leaseback   | New requirements for sale and leaseback transactions in IFRS 16 to explain how entity accounts for a sale and leaseback after the date of transaction.   | 1 January 2024   |
| Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements                               | Disclosure to enhance the transparency of supplier finance arrangement and their effects on a company's liabilities, cash flow and exposure to liquidity risk.   | 1 January 2024 (with transitional reliefs in the first year).              |
| IFRS S1, 'General requirements for disclosure of sustainability-related financial information | Standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.   | 1 January 2024 (subject to endorsement by SOCPA)                           |
| IFRS S2, 'Climate-related disclosures'  | Thematic standard issued to set out requirements for entities to disclose information about climate-related risk and opportunities.  | 1 January 2024 (subject to endorsement by SOCPA)                           |

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**Notes to the interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts in United States Dollar unless otherwise stated)

**5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)**

The composition of the investment's portfolio on the last valuation day of the period is summarised below:

|                               | <b>30 June 2023 (Unaudited)</b> |                  |                     |  |
|-------------------------------|---------------------------------|------------------|---------------------|--|
|                               | <b>% of Market Value</b>        | <b>Cost</b>      | <b>Market value</b> | <b>Cumulative unrealised (loss)/gain</b> |
| Investments in Sukuks         | <b>99.5%</b>                    | <b>2,884,077</b> | <b>2,753,413</b>    | <b>(130,664)</b>                         |
| Investments in Murahaba Funds | <b>0.5%</b>                     | <b>13,639</b>    | <b>13,931</b>       | <b>292</b>                               |
|                               | <b>100%</b>                     | <b>2,897,716</b> | <b>2,767,344</b>    | <b>(130,372)</b>                         |

The composition of the investment's portfolio as at 31 December 2022 is summarised below:

|                       | <b>31 December 2022 (Audited)</b> |                  |                     |                        |
|-----------------------|-----------------------------------|------------------|---------------------|------------------------|
|                       | <b>% of Market Value</b>          | <b>Cost</b>      | <b>Market Value</b> | <b>Unrealised loss</b> |
| Investments in Sukuks | <b>100%</b>                       | <b>4,433,572</b> | <b>4,229,689</b>    | <b>(203,883)</b>       |
|                       | <b>100%</b>                       | <b>4,433,572</b> | <b>4,229,689</b>    | <b>(203,883)</b>       |

The composition of investments in Sukuks as at 30 June 2023, is summarised below:

| <b>Investment name</b>        | <b>Maturity date</b> | <b>30 June 2023 (Unaudited)</b> |
|-------------------------------|----------------------|---------------------------------|
| <b><i>Sukuk</i></b>           |                      |                                 |
| ICD Sukuk Co Ltd              | 1 February 2027      | <b>301,616</b>                  |
| Arabian Centres Sukuk Ltd     | 26 November 2024     | <b>289,134</b>                  |
| Dar AlArkan Sukuk Co Ltd      | 26 February 2027     | <b>244,333</b>                  |
| Adib Capital Invest           | 20 September 2023    | <b>200,636</b>                  |
| DIB Tier 1 Sukuk 3 Ltd        | 22 January 2025      | <b>199,500</b>                  |
| DP World Salaam               | 1 October 2025       | <b>198,432</b>                  |
| MAF Sukuk Ltd                 | 14 May 2029          | <b>196,098</b>                  |
| KIB Tier 1 Sukuk Ltd          | 10 June 2024         | <b>195,772</b>                  |
| Nogaholding Sukuk Ltd         | 8 April 2029         | <b>190,750</b>                  |
| Emaar Sukuk Ltd               | 15 September 2026    | <b>190,283</b>                  |
| MAR Sukuk Ltd                 | 2 September 2025     | <b>187,848</b>                  |
| QIB Sukuk Ltd                 | 27 October 2025      | <b>185,457</b>                  |
| SA Global Sukuk Ltd           | 17 June 2031         | <b>173,553</b>                  |
|                               |                      | <b>2,753,412</b>                |
| <b><i>Murabaha Fund</i></b>   |                      |                                 |
| Alkhair Capital Murabaha fund |                      | <b>13,931</b>                   |
|                               |                      | <b>13,931</b>                   |
| <b>TOTAL</b>                  |                      | <b>2,767,343</b>                |

**Audi Income Fund**  
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**Notes to the interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts in United States Dollar unless otherwise stated)

**5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) (continued)**

The composition of investments in Sukuks as at 31 December 2022, is summarised below:

| <b>Investment name</b>            | <b>Maturity date</b> | <b>31 December<br/>2022<br/>(Audited)</b> |
|-----------------------------------|----------------------|---|
| <b>Sukuk</b>                      |                      |   |
| Mumtalakat Sukuk Holding Company  | 27 Februry 2024      | 299,625                                   |
| Saudi Electricity Global Sukuk    | 27 January 2024      | 296,709                                   |
| ICD Sukuk Company Limited         | 1 Februry 2027       | 295,166                                   |
| Oman Sovereign Sukuk SAOC         | 1 June 2024          | 295,143                                   |
| Arabian Centres Sukuk Limited     | 26 November 2024     | 290,250                                   |
| Dar AlArkan Sukuk Company Limited | 26 Februry 2027      | 237,188                                   |
| Adib Capital Invest               | 20 September 2023    | 201,540                                   |
| Tabreed Sukuk Spc Limited         | 31 October 2025      | 201,518                                   |
| DIB Tier 1 Sukuk 3 Limited        | 22 January 2025      | 200,500                                   |
| KIB Tier 1 Sukuk Limited          | 10 June 2024         | 199,250                                   |
| DP World Salaam                   | 1 October 2025       | 198,750                                   |
| Nogaholding Sukuk Limited         | 8 April 2029         | 198,250                                   |
| Almarai Sukuk Limited             | 5 March 2024         | 196,594                                   |
| DIFC Sukuk                        | 12 November 2024     | 195,633                                   |
| MAF Sukuk Limited                 | 14 May 2029          | 195,250                                   |
| Emaar Sukuk Limited               | 15 September 2026    | 190,337                                   |
| MAR Sukuk Limited                 | 2 September 2025     | 184,839                                   |
| QIB Sukuk Limited                 | 27 October 2025      | 181,981                                   |
| SA Global Sukuk Limited           | 17 June 2031         | 171,166                                   |
| <b>Total</b>                      |                      | <b>4,229,689</b>                          |

**6 NET GAIN / (LOSS) FROM INVESTMENTS CARRIED AT FVPL**

|  | <b>For the six-month period ended</b> |                         |
|--|---------------------------------------|-------------------------|
|  | <b>30 June<br/>2023</b>               | <b>30 June<br/>2022</b> |
| Realized loss from sale of investments carried at FVPL                   | <b>(61,760)</b>                       | (11,641)                |
| Unrealized gain / (loss) from revaluation of investments carried at FVPL | <b>73,548</b>                         | (278,224)               |
|  | <b>11,788</b>                         | (289,865)               |

**7 TRANSACTIONS WITH RELATED PARTIES**

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties of the Fund comprise Audi Capital Company (being the Fund Manager), the Fund Board and administrator of the Fund and mutual funds managed by the Fund Manager.

In the ordinary course of its activities, the Fund transacts business with Fund Manager and related parties. Related party transactions are governed by limits set by the regulations issued by CMA. All the related party transactions are undertaken at mutually agreed prices and approved by the Fund Manager. These transactions were carried out on the basis of approved Terms and Conditions of the Fund.

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**Open-Ended Mutual Fund**  
**(Managed by Audi Capital Company)**  
**Notes to the interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2023**  
(All amounts in United States Dollar unless otherwise stated)

**7 TRANSACTIONS WITH RELATED PARTIES (continued)**

During the period, the Fund entered into the following transaction with related parties in the ordinary course of business:

| Related Party    | Relationship                | Nature of transaction      | Amount of transaction for the six-month period ended 30 June |        | Closing balance payable As at |                            |
|------------------|-----------------------------|----------------------------|--|--------|-------------------------------|----------------------------|
|                  |                             |                            | 2023   | 2022   | 30 June 2023 (Unaudited)      | 31 December 2022 (Audited) |
|                  |                             | Fund management fee        | 14,726   | 21,149 | 1,892                         | 2,841                      |
| Audi Capital     | Fund Manager                | Investment in Fund's units | (40,000)   | -      | 65,000                        | 105,000                    |
| Bank Audi Suisse | Shareholder of Fund Manager | Investment in Fund's units | (130,000)  | -      | 34,889                        | 164,889                    |
| Fund Board       | Fund Board                  | Board fee                  | 1,319  | 1,379  | 1,312                         | -                          |

*Management fee and other transactions*

The Fund pays a management fee calculated at an annual rate of 0.75% (2022: 0.75%) 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 is disclosed in the inteirm statement of comprehensive income while advisory board compensation is disclosed in note 9 to the interim condensed financial statements. Management fee payable is disclosed on the interim statement of financial position.

Trade transactions on the Saudi Exchange are executed through the Fund Manager.

*Units held by related parties*

The Unitholders' account as at 30 June 2023 included 99,889 units (31 December 2022: 363,227 units), held by affiliates of the Fund Manager.

**8 OTHER ACCRUED EXPENSES**

|                                       | As at 30 June 2023 (Unaudited) | As at 31 December 2022 (Audited) |
|---------------------------------------|--------------------------------|----------------------------------|
| Shariah fee                           | 22,688                         | 18,721                           |
| Professional fees                     | 8,618                          | 3,433                            |
| Standard and Poor Index benchmark fee | 1,554                          | 5,083                            |
| Other                                 | 965                            | 2,989                            |
|                                       | <b>33,825</b>                  | <b>30,226</b>                    |

**9 OTHER EXPENSES**

|                    | For the six-month period ended |               |
|--------------------|--------------------------------|---------------|
|                    | 30 June 2023                   | 30 June 2022  |
| Administrative fee | 7,935                          | 7,935         |
| Custody fee        | 7,935                          | 7,935         |
| VAT expense        | 5,601                          | 6,571         |
| Shariah fee        | 3,967                          | 3,967         |
| Benchmark fee      | 3,471                          | 3,471         |
| Board fee          | 1,319                          | 1,379         |
| Other              | 7,850                          | 8,018         |
|                    | <b>38,078</b>                  | <b>39,276</b> |

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**10 DIVIDEND**

The Fund distributed the following dividend during the period ended 30 June 2023:

| <b>Date of distribution</b> | <b>Total amount of dividend</b> |
|-----------------------------|---------------------------------|
| 10 January 2023             | 48,095                          |
| 6 April 2023                | 59,695                          |
|                             | <b>107,790</b>                  |

The Fund distributed the following dividend during the period ended 30 June 2022:

| <b>Date of distribution</b> | <b>Total amount of dividend</b> |
|-----------------------------|---------------------------------|
| 12 January 2022             | 61,293                          |
| 11 April 2022               | 73,860                          |
|                             | <b>135,153</b>                  |

**11 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. Investments classified at level 2 include bonds and sukuk for which market quotes are not available. These are fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads. 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. There were no transfers between various levels of fair value hierarchy during the current year or prior period.

**12 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:

|  | <b>Within<br/>12 months</b> | <b>After<br/>12 months</b> | <b>Total</b>     |
|--|-----------------------------|----------------------------|------------------|
| <b>As at 30 June 2023 (Unaudited)</b>          |                             |                            |                  |
| <b>Assets</b>                                  |                             |                            |                  |
| Cash and cash equivalents                      | 85,383                      | -                          | 85,383           |
| Investments carried at FVPL                    | 410,339                     | 2,357,004                  | 2,767,343        |
| Special commission receivable and other assets | 38,026                      | -                          | 38,026           |
| <b>Total assets</b>                            | <b>533,748</b>              | <b>2,357,004</b>           | <b>2,890,752</b> |
| <b>Total assets</b>                            |                             |                            |                  |
| <b>Liabilities</b>                             |                             |                            |                  |
| Management fee payable                         | 1,892                       | -                          | 1,892            |
| Custody and administration fee payable         | 2,630                       | -                          | 2,630            |
| Other accrued expenses                         | 33,825                      | -                          | 33,825           |
| <b>Total liabilities</b>                       | <b>38,347</b>               | <b>-</b>                   | <b>38,347</b>    |
|  | <b>Within<br/>12 months</b> | <b>After<br/>12 months</b> | <b>Total</b>     |
| <b>As at 31 December 2022 (Audited)</b>        |                             |                            |                  |
| <b>Assets</b>                                  |                             |                            |                  |
| Cash and cash equivalents                      | 150,349                     | -                          | 150,349          |
| Investments at FVPL                            | 4,028,149                   | 201,540                    | 4,229,689        |
| Special commission receivable and other assets | 55,976                      | -                          | 55,976           |
| <b>Total assets</b>                            | <b>4,234,474</b>            | <b>201,540</b>             | <b>4,436,014</b> |
| <b>Liabilities</b>                             |                             |                            |                  |
| Management fee payable                         | 2,841                       | -                          | 2,841            |
| Custody and administration fee payable         | 2,716                       | -                          | 2,716            |
| Other accrued expenses                         | 30,226                      | -                          | 30,226           |
| <b>Total liabilities</b>                       | <b>35,783</b>               | <b>-</b>                   | <b>35,783</b>    |

**Audi Income Fund**  
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**13 FINANCIAL RISK MANAGEMENT**

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties. The Fund Manager seeks to limit its credit risk by monitoring credit exposure and by dealing with reputed counterparties.

The table below shows the Fund's maximum exposure to credit risk for the components of the statement of financial position at each reporting date.

|  | <b>As at<br/>30 June<br/>2023<br/>(Unaudited)</b> | <b>As at<br/>31 December<br/>2022<br/>(Audited)</b> |
|--|---|---|
| Cash and cash equivalents                      | <b>85,383</b>                                     | 150,349   |
| Special commission receivable and other assets | <b>38,026</b>                                     | 55,976  |
|  | <b>123,409</b>                                    | 206,325   |

All accrued special commission are expected to be received in six months or less. The management has conducted a review for allowance for impairment as required under IFRS 9 and based on such assessment, the management believes that there is no significant impairment allowance is required.

Credit risk on bank balances is limited as these are held with banks with sound credit ratings.

Management believes that receivable from investment sold does not pose any significant credit risk for the Fund.

***Liquidity risk***

Liquidity risk is the risk that the Fund will encounter difficulty in releasing funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset.

The Fund's terms and conditions provide for the terms of subscriptions and redemptions of units and it is, therefore, exposed to the liquidity risk of meeting Unitholder redemptions. The Fund's investments are considered to be readily realizable. The Fund Manager monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient funds are available to meet any commitments as they arise.

The undiscounted value of the financial liabilities of the Fund at the reporting date approximate their carrying values and are all settled within one year from the reporting date.

***Market risk***

Market risk is the risk that changes in market prices - such as foreign exchange rates and special commission rates will affect the Fund's income or the fair value of its holdings in financial instruments.

The following table demonstrates the sensitivity of the Fund's statement of comprehensive income for the period to a reasonably possible change in market values, with all other variables held constant. The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per Fund's terms and conditions. The Fund's market risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a timely basis by the Fund Manager.

| <b>Change in market value</b>            | <b>Impact on<br/>statement of<br/>comprehensive<br/>income</b> |
|--|--|
| <b>For the period ended 30 June 2023</b> |  |
| Increase by 5%                           | <b>138,367</b>   |
| Decrease by 5%                           | <b>(138,367)</b>   |
| <b>For the period ended 30 June 2022</b> |  |
| Increase by 5%                           | 272,682  |
| Decrease by 5%                           | (272,682)  |

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**13 FINANCIAL RISK MANAGEMENT (continued)**

***Market risk (continued)***

***Currency risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Fund invests in financial instruments and enters into transactions that are denominated in USD Dollar, which is the Fund's functional currency, and therefore management believes that the Fund is not exposed to any significant currency risk.

The Fund's currency risk is managed on a timely basis by the Fund Manager in accordance with the policies and procedures in place.

***Special commission rate risk***

Special commission rate risk is the risk that the financial instruments will fluctuate due to changes in the market special commission rates. The Fund is subject to special commission rate risk or future risks on its special commission bearing assets including its investments in Sukuk.

The following table demonstrates the sensitivity of the Fund's statement of comprehensive income for the period to a reasonably possible change in interest rates, with all other variables held constant. There is no sensitivity effect on other comprehensive income (OCI) as the Fund has no assets designated as fair value through other comprehensive income or hedging instruments. In practice, the actual trading results may differ from the below sensitivity analysis and the difference could be significant.

|  | <b>Impact on<br/>statement of<br/>comprehensive<br/>income</b> |
|--|--|
| <b>Change in profit rate</b>             |  |
| <b>For the period ended 30 June 2023</b> |  |
| Increase by 1%                           | <b>23,748</b>  |
| Decrease by 1%                           | <b>(23,748)</b>  |
| <b>For the period ended 30 June 2022</b> |  |
| Increase by 1%                           | 54,537   |
| Decrease by 1%                           | (54,537)   |

**14 SUBSEQUENT EVENTS**

As of the date of approval of these interim condensed financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

**15 LAST VALUATION DAY**

The last valuation day of the period was 30 June 2023 (31 December 2022).

**16 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements was approved and authorized for issue by the Fund's Board on 9 August 2023 (corresponding to 22 Muharram 1445H).