

BMK SAUDI EQUITY FUND
(Managed by Bait Al Mal Al Khaleeji Company)

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**AND INDEPENDENT AUDITOR'S REVIEW REPORT****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE
CONDENSED INTERIM FINANCIAL STATEMENTS****To the Unitholders****BMK Saudi Equity Fund**

(Managed by Bait Al Mal Al Khaleeji Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of BMK Saudi Equity Fund ("the Fund"), managed by Bait Al Mal Al Khaleeji Company ("the Fund Manager") as at 30 June 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Fund Manager is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and to comply with the Fund's terms and conditions. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly MKM and Co.

Certified Public Accountants

Al-Khobar, Kingdom of Saudi Arabia


Bader Hatim Al Tamimi

License No. 489

27 Muharram 1445H

14 August 2023



BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2023**

	<i>Note</i>	<i>As at 30 June 2023 (Unaudited) SR</i>	<i>As at 31 December 2022 (Audited) SR</i>
ASSETS			
Prepayments and other assets		831	759,153
Investments at fair value through profit or loss	7	10,209,665	5,119,486
Cash and cash equivalents		13,088,154	16,167,743
TOTAL ASSETS		23,298,650	22,046,382
LIABILITIES			
Accrued expenses	8	107,566	251,816
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		23,191,084	21,794,566
Units in issue (number of units)		751,031	751,031
Net assets attributable to each unit (SR)		30.88	29.02

The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

		<i>For the six-month period ended 30 June 2023 (Unaudited)</i>	<i>For the six-month period ended 30 June 2022 (Unaudited)</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
Income			
Gain on investments at fair value through profit or loss	7	1,577,801	7,974,168
Dividend income		92,787	468,880
		<u>1,670,588</u>	<u>8,443,048</u>
Expenses			
Fund management fees	6,9	(199,842)	(405,493)
Custody fees		(11,474)	(21,342)
Board of Directors' fees	9	(5,967)	(5,967)
Brokerage commission		(185)	(25,482)
Others		(56,602)	(89,080)
		<u>(274,070)</u>	<u>(547,364)</u>
Profit for the period		1,396,518	7,895,684
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,396,518</u>	<u>7,895,684</u>

The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (UNAUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<i>For the six-month period ended 30 June 2023 (Unaudited)</i>	<i>For the six-month period ended 30 June 2022 (Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Net assets attributable to unit holders at 1 January	21,794,566	35,231,816
Total comprehensive income for period	1,396,518	7,895,684
Proceeds from units issued	-	2,931,000
Payments for units redeemed	-	(1,424,732)
Net assets attributable to unit holders at 30 June	23,191,084	44,633,768

Units Transactions

	<i>For the six-month period ended 30 June 2023 (Unaudited)</i>	<i>For the six-month period ended 30 June 2022 (Unaudited)</i>
Units at the beginning of the period	751,031	1,447,342
Units issued during the period	-	104,011
Units redeemed during the period	-	(52,474)
Units at the end of the period	751,031	1,498,879

The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<i>For the six-month period ended 30 June 2023 (Unaudited)</i>	<i>For the six-month period ended 30 June 2022 (Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Operating activities		
Profit for the period	1,396,518	7,895,684
<i>Adjustments for changes in operating assets and liabilities:</i>		
Net change in investments at fair value through profit or loss	(5,090,179)	(4,497,378)
Prepayments and other assets	758,322	(34,399)
Accrued expenses	(144,250)	159,714
Net cash flows (used in) / generated from operating activities	(3,079,589)	3,523,621
Financing activities		
Payments of units redeemed	-	(1,424,732)
Proceeds from units issued	-	2,931,000
Net cash flows from financing activities	-	1,506,268
Net change in cash and cash equivalents	(3,079,589)	5,029,889
Cash and cash equivalents at the beginning of the period	16,167,743	7,920,771
Cash and cash equivalents at the end of the period	13,088,154	12,950,660

The accompanying notes from 1 to 12 form an integral part of these condensed interim financial statements

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

1 - THE FUND AND ITS ACTIVITIES

BMK Saudi Equity Fund (the "Fund") is an open-ended investment Fund, established and managed by Bait Al Mal Al Khaleeji Company (the "Fund Manager"). The terms and conditions of the Fund were approved by the Capital Market Authority ("CMA") on 4 Jumada I 1435H (corresponding to 5 March 2014) and the Fund commenced its activities on 5 Rajab 1435H (corresponding to 4 May 2014) pursuant to such approval and after concluding the subscription procedures.

The Fund's objective is to achieve long-term capital growth through investment in Saudi equities listed on the Saudi Stock Market ("Tadawul").

The Fund Manager is licensed and regulated by the CMA, through license no. 08123-37, to engage in dealing as a principle, managing mutual funds and providing consultation and safe keeping services for securities business.

The Fund is governed by 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), detailing requirements of all funds within the Kingdom of Saudi Arabia.

In dealing with the unit holders, the Fund Manager considers the Fund as an independent entity. Accordingly, the Fund prepares its own financial statements. Furthermore, unit holders are considered as owners of the assets of the Fund and distributions are made in relation to their respective ownership in the total number of outstanding units.

2 - BASIS OF PREPARATION

The condensed interim financial statements of the Fund for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements. The interim results may not be an indicator of the annual results of the Fund.

The condensed interim financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss that have been measured at fair value. The Fund's condensed interim financial statements are presented in Saudi Riyals, which is also the Fund's functional currency.

3 - SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

The significant judgements made by the Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4 - ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those applicable in the annual financial statements for the year ended 31 December 2022.

5 - NEW STANDARDS AND AMENDMENTS TO STANDARDS

There is no new standards issued, however, there are number of amendments to the standards which are effective from 1 January 2023 and have been explained in the Funds's annual financial statements, but they do not have a significant effect on these condensed interim financial statements for the six-months period ended 30 June 2023.

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****5 - NEW STANDARDS AND AMENDMENTS TO STANDARDS (Continued)****5.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Fund has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 16	Lease liability in sale and lease back	January 1, 2024	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
IAS 1	Amendments regarding the classification of debt with covenants, as current or non-current	January 1, 2024	The amendments clarified how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances.
IAS 1	Classification of liabilities, as current or non-current	January 1, 2024	The amendments has clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.

The Fund manager anticipates that these new standards, interpretations and amendments will be adopted in the Fund's financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim financial statements of the Fund in the period of initial application.

6 - MANAGEMENT FEE AND OTHER EXPENSES

The Fund is managed and administered by the Fund Manager. For these services, the Fund accrues a management fee, as set out in the Fund's terms and conditions, at an annual rate of 1.9% of the Funds net assets calculated every valuation day.

The Fund is responsible for all expenses, fees, other costs and liabilities incurred in managing and operating the Fund. Such expenses include, but are not limited to, audit, remuneration of the Fund's Board, administration, dealing costs, custody, government and other professional fees.

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****7 - INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents investment in equity securities listed on the Saudi Stock Exchange ("Tadawul").

The investment portfolio is allocated among the various economic sectors, the fair values of these investments are as follows:

Sector	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Fair value	%	Fair value	%
	SR		SR	
Materials	2,677,232	26.22	2,005,993	39.18
Energy & Utilities	2,581,860	25.29	1,804,523	35.25
Telecommunication Services	2,282,633	22.36	-	-
Consumer Staples	1,716,357	16.81	410,600	8.02
Consumer discretionary	468,999	4.59	456,392	8.91
Health Care	418,592	4.10	376,936	7.36
Financials	63,992	0.63	65,042	1.27
Total	10,209,665	100	5,119,486	100

The movement of investments at fair value through profit or loss is as follows:

	For the six-month period ended 30 June 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
	SR	SR
Opening balance	5,119,486	27,391,264
Addition	3,592,740	36,826,633
Disposal	(80,362)	(66,779,393)
Change in fair value	1,577,801	7,680,982
Closing balance	10,209,665	5,119,486

8 - ACCRUED EXPENSES

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
	SR	SR
Accrued management fees (note 9)	75,909	72,916
Others	31,657	178,900
	107,566	251,816

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****9 - TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Fund include "Bayt Al Mal Al Khaleeji Company" being the Fund Manager and other funds managed by the same Fund Manager.

In the ordinary course of its activities, the Fund transacts business with related parties. The related parties transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund's Board of Directors.

The following table provides the significant transactions and the related approximate amounts that have been entered into with related parties during the year and their related accruals as at:

Related party	Nature of transaction	Transactions for the period ended 30 June		Balances	
		2023	2022	30 June 2023 (Unaudited)	31 December 2022 (Audited)
		SR	SR	SR	SR
Fund Manager	Management fee (note 6 and 8)	199,842	405,493	75,909	72,916
Fund Board	Board of Directors remuneration	5,967	5,967	5,967	6,000
Elite House GCC Equity Fund	Units redeemed	-	500,000	-	-
				81,876	78,916

As at 30 June 2023 the Elite House GCC Equity Fund (managed by same Fund Manager) holds 751.031 units in BMK Saudi Equity Fund (31 December 2022: 751.031 units).

Basis and term of payment for fee payable to related parties as per terms and conditions of the Fund approved by CMA are as follows:

Type of fee	Basis and rate	Basis for calculation
Management fees	1.9 % of net asset value	Annually, calculated on a daily basis
Board of Directors remunerations	SR 3,000 per meeting only payable to the independent members, maximum up to SR 12,000 per annum	Per member per meeting

10 - VALUATION DAY

The Fund's units are valued at every Monday and Wednesday and unit price is announced on the following business day. The last valuation day for the purpose of preparation of these condensed interim financial information was 30 June 2023.

11 - FAIR VALUES AND RISK MANAGEMENT**11.1 Fair value measurements of financial instruments**

The Fund does not have financial assets and financial liabilities which are measured at fair value, except for Investment at fair value through profit or loss (FVTPL) which is classified in the first level of fair value hierarchy.

BMK SAUDI EQUITY FUND

(Managed by Bait Al Mal Al Khaleeji Company)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****11 - FAIR VALUES AND RISK MANAGEMENT (Continued)****11.2 Risk Management**

The Fund's activities expose it to a variety of financial risks: commission rate risk, credit risk, liquidity risk, market risk and equity price risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks is primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to the changes in the market commission rates. The Fund is not subject to commission rate risk.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Fund seeks to manage its credit risk with respect to the banks by only dealing with reputable banks.

	<i>30 June 2023 (Unaudited)</i>	<i>31 December 2022 (Audited)</i>
	<i>SR</i>	<i>SR</i>
Cash and cash equivalents	<u>13,088,154</u>	<u>16,167,743</u>

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's terms and conditions provide for subscription and redemption of units on Monday and Wednesday, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions or liquidation of the investment portfolio.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

The table below summarises the maturity profile of the Fund's financial liabilities based on the contractual undiscounted amounts at the reporting period:

	<i>30 June 2023 (Unaudited)</i>		
<i>Carrying amount</i>	<i>Less than 1 year</i>	<i>1 year to 5 years</i>	<i>More than 5 years</i>
<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Financial Liabilities			
Accrued expenses	<u>107,566</u>	<u>107,566</u>	<u>-</u>
	<u>107,566</u>	<u>-</u>	<u>-</u>

BMK SAUDI EQUITY FUND

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED) (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023****11 - FAIR VALUES AND RISK MANAGEMENT (Continued)****Liquidity risk (Continued)**

	<i>31 December 2022 (Audited)</i>			
	<i>Carrying</i>	<i>Less than</i>	<i>1 year to 5</i>	<i>More than 5</i>
	<i>amount</i>	<i>1 year</i>	<i>years</i>	<i>years</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Financial Liabilities				
Accrued expenses	251,816	251,816	-	-
	<u>251,816</u>	<u>251,816</u>	<u>-</u>	<u>-</u>

Market price risk

The Fund listed equity securities are susceptible to market price risk arising from uncertainties about its future values of the investment securities. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors.

Equity price risk

The Fund listed equity securities are susceptible to market price risk arising from uncertainties about its future values of the investment securities. The Fund manages the equity price risk through diversification and by placing limits on individual and total equity instruments sectors (refer note 7). The exposure to equity securities and its impact on equity is detailed in the table below with a % change in equity prices:

	<i>30 June</i>	<i>Sensitivity</i>	
	<i>2023</i>	<i>Gain/Loss</i>	
	<i>(Unaudited)</i>		
	<i>SR</i>	<i>SR</i>	<i>%</i>
Markets			
<i>Investments at fair value through profit or loss</i>			
Saudi Arabia	<u>10,209,665</u>	<u>+ -102,097</u>	<u>+1%</u>

	<i>31 December</i>	<i>Sensitivity</i>	
	<i>2022</i>	<i>Gain/Loss</i>	
	<i>(Audited)</i>		
	<i>SR</i>	<i>SR</i>	<i>%</i>
Markets			
<i>Investments at fair value through profit or loss</i>			
Saudi Arabia	<u>5,119,486</u>	<u>+ -51,195</u>	<u>+1%</u>

12 - APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the Fund Manager on 14 August 2023 corresponding to 27 Muharram 1445H.