

**BAITK LIQUIDITY FUND**  
**(Managed by Saudi Kuwaiti Finance House)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

**AND INDEPENDENT AUDITOR'S REVIEW REPORT**

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

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INTERIM CONDENSED FINANCIAL STATEMENTS  
30 June 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS  
To the Unitholders of Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Baitk Liquidity Fund (the "Fund") being managed by Saudi Kuwaiti Finance House (the "Fund Manager") as at 30 June 2022 and the related interim condensed statements of comprehensive income, cash flows and changes in equity for the six-month period then ended, including a summary of significant accounting policies and other explanatory notes. The 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") that is 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", that is 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**Other matter**

The financial statements of the Fund for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 Shaaban 1443H (corresponding to 30 March 2022). Further, the interim condensed financial statements of the Fund for the six-month period ended 30 June 2021, were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 9 Muharram 1443H (corresponding to 18 August 2021).

For Alluhaid & Alyahya Chartered Accountants

Turki A. Alluhaid  
Certified Public Accountant  
License No. 438



Riyadh: 27 Muharram 1444 H  
(25 August 2022)

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<b>30 June 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
	<i>Note</i>		
<b>ASSETS</b>			
Cash and cash equivalents		<b>972,527</b>	2,282,272
Financial assets at amortised cost	5	<b>13,648,020</b>	12,087,468
Financial assets at fair value through profit or loss ("FVTPL")	6	<b>1,568,093</b>	1,548,127
Accrued income		<b>53,828</b>	97,150
<b>TOTAL ASSETS</b>		<b>16,242,468</b>	16,015,017
<b>LIABILITIES</b>			
Management fee payable	7	<b>19,075</b>	19,396
Accrued expenses		<b>130,554</b>	95,907
<b>TOTAL LIABILITIES</b>		<b>149,629</b>	115,303
<b>EQUITY</b>			
Net assets attributable to unitholders of redeemable units		<b>16,092,839</b>	15,899,714
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,242,468</b>	16,015,017
Redeemable units in issue (numbers)		<b>1,500,855</b>	1,500,855
Net assets value attributable to unitholders per unit (SR)		<b>10.72</b>	10.59

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2022

		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
<b>INCOME</b>			
Special commission income		<b>239,704</b>	176,907
Unrealised gain from financial assets at FVTPL		<b>19,966</b>	15,926
<b>TOTAL INCOME</b>		<b>259,670</b>	192,833
<b>EXPENSES</b>			
Management fee	7	<b>(15,798)</b>	(15,736)
Custody fees		<b>(14,252)</b>	(16,495)
Professional fees		<b>(17,629)</b>	(18,000)
Other operating expenses		<b>(18,867)</b>	(14,864)
<b>TOTAL OPERATING EXPENSES</b>		<b>(66,546)</b>	(65,095)
<b>NET INCOME FOR THE PERIOD</b>		<b>193,124</b>	127,738
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>193,124</b>	127,738

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	<b>193,125</b>	127,738
Adjustments for:		
Unrealised gain from financial assets at FVTPL	<b>(19,966)</b>	(15,926)
	<b>173,159</b>	111,812
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at amortised cost	<b>(1,560,552)</b>	1,872,788
Decrease in accrued income	<b>43,322</b>	1,379
(Decrease) increase in management fee payable	<b>(321)</b>	12,371
Increase (decrease) in accrued expenses	<b>34,647</b>	(2,960)
Net cash flows from operating activities	<b>(1,309,745)</b>	1,995,390
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,309,745)</b>	1,995,390
Cash and cash equivalents at the beginning of the period	<b>2,282,272</b>	144,004
<b>Cash and cash equivalents at the end of the period</b>	<b>972,527</b>	2,139,394

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2022

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>
<b>Net assets attributable to the redeemable unitholders at the beginning of the period (audited)</b>	<b>15,899,714</b>	15,748,861
<b>Comprehensive income:</b>		
Net income for the period	<b>193,125</b>	127,738
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<b>193,125</b>	127,738
<b>Net assets attributable to the redeemable unitholders at the end of the period (unaudited)</b>	<b>16,092,839</b>	15,876,599

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

# Baitk Liquidity Fund

## (Managed by Saudi Kuwaiti Finance House)

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### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2022

#### **1 GENERAL**

Baitk Liquidity Fund (the “Fund”) is an open-ended fund established and managed under the agreement between Saudi Kuwaiti Finance House (the “Fund Manager”) and investors in the Fund (the “Unitholders”), in accordance with Capital Market Authority (“CMA”) regulations and Shariah rules issued by the Shariah board of the Fund Manager.

CMA granted approval for the establishment of the Fund in its letter number 17/575/5/16 dated 4 Jumada Al-Awwal 1438H (corresponding to 1 February 2017). The Fund commenced its operations on 22 Rabi al-Thani 1439H (corresponding to 9 January 2018).

The Fund is designed to invest in short to medium-term cash instruments in Saudi Riyals and US Dollars that comply with Sharia standards approved by the Shariah Committee of the Fund Manager.

The Fund is managed by Saudi Kuwaiti Finance House, a Saudi closed joint stock company with commercial registration number 1010312522, licensed by the CMA of the Kingdom of Saudi Arabia under license number 08124-37.

The address of the registered office of the Fund and of the Fund Manager is in P.O. Box 15005, Riyadh, 11523, Kingdom of Saudi Arabia.

The Fund Manager is responsible for the overall management of the Fund's activities. According to the fund agreement, the Fund Manager may delegate the powers entrusted to him to one or a group of financial institutions inside and outside the Kingdom of Saudi Arabia.

#### **2 REGULATING AUTHORITY**

The Fund is governed by the Investment Fund Regulations (the “Regulations”) issued by the CMA detailing requirements for all Investment Funds within the Kingdom of Saudi Arabia.

#### **3 BASIS OF PREPARATION**

##### **3.1 *Statement of compliance***

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed 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 for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the SOCPA.

The Fund Manager has prepared the interim condensed financial statements on the basis that the Fund will continue to operate as a going concern. The Fund Manager considers that there are no material uncertainties that may doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

##### **3.2 *Basis of measurement***

The interim condensed financial statements have been prepared under the historical cost convention using the accrual basis of accounting except for financial assets held at FVTPL that are measured at fair value.

The Fund presents its interim condensed statement of financial position in order of liquidity based on the Fund Manager's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.



**Baitk Liquidity Fund**  
**(Managed by Saudi Kuwaiti Finance House)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
**30 June 2022**

**3 BASIS OF PREPARATION (continued)**

**3.3 Functional and presentation currency**

These interim condensed financial statements are presented in Saudi Arabian Riyals ("SR"), which is the Fund's functional and presentation currency. All financial information presented has been rounded to the nearest SR, unless otherwise stated.

**3.4 Use of judgements, estimates and assumptions**

In preparing these interim condensed financial statements, Fund Manager has made the judgement, estimates, and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by 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 audited financial statements.

**4 SIGNIFICANT ACCOUNTING POLICIES**

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 2021 except for the adoption of new standards effective as of 1 January 2022. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

The Fund has not early adopted any standard, interpretation or amendment that has been issued but not effective yet.

**5 FINANCIAL ASSETS AT AMORTISED COST**

	<b>30 June 2022 (Unaudited) SR</b>	<b>31 December 2021 (Audited) SR</b>
Murabaha deposits (i)	<b>13,702,658</b>	12,142,106
Less: Allowance for expected credit loss	<b>(54,638)</b>	(54,638)
	<b>13,648,020</b>	12,087,468

- (i) This represents Murabaha deposits placed with several banks and investment companies operating in Saudi Arabia with original maturities within 1 year and carried an average special commission income rate of 2.84% per annum (31 December 2021: 3.23%).

**6 FINANCIAL ASSETS AT FVTPL**

Financial assets at FVTPL comprised of investment in public fund that is registered in the Kingdom of Saudi Arabia.

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>		
	<b>Cost (SR)</b>	<b>Market value (SR)</b>	<b>Cost (SR)</b>	<b>Market value (SR)</b>
SICO Capital Money Market Fund	<b>1,500,000</b>	<b>1,568,093</b>	1,500,000	1,548,127

**Baitk Liquidity Fund**  
**(Managed by Saudi Kuwaiti Finance House)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**  
**30 June 2022**

**7 RELATED PARTY TRANSACTIONS AND BALANCES**

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. The Fund Manager and entities / persons related to Fund Manager are considered as related parties of the Fund. In the ordinary course of its activities, the Fund transacts business with its related parties. Related party transactions are governed by limits set by the regulations issued by the CMA. All the related party transactions are approved by the Board of Directors.

**7.1 Related party transactions**

The following are the details of the significant transactions with related parties during the period

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>	<i>Unaudited</i> <i>For the six-month period ended</i>	
			<i>30 June 2022</i> <i>SR</i>	<i>30 June 2021</i> <i>SR</i>
Saudi Kuwaiti Finance House	Fund Manager	Management fees (i)	<b>15,798</b>	15,736
Board of Director	Members of Board of Director	Board fees expense	<b>9,753</b>	-

- (i) The Fund Manager is responsible for the overall management of the Fund's activities. The Fund Manager charges management fee at the rate of 0.2% that is calculated based on the net value of the Fund's assets.

As at 30 June 2022, the Fund Manager held 1,000,000 units (31 December 2021: 1,000,000 units).

**7.2 Related party balances**

Period/year end balances payable arising from transactions with related parties are as follows:

<i>Name of related party</i>	<i>Nature of relationship</i>	<i>Balance</i>	<i>30 June 2022</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2021</i> <i>(Audited)</i> <i>SR</i>
Saudi Kuwaiti Finance House	Fund Manager	Management fee payable	<b>19,075</b>	19,396

**8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial assets consist of cash and cash equivalents, financial assets at FVTPL, financial assets at amortized cost and accrued income. Financial liabilities consist of management fee payable and other liabilities.

Due to short-term nature of most of the financial instruments, their carrying amounts approximates to the fair values and all financial assets and financial liabilities are classified as level 2.

The following table shows the fair values of financial assets, including their levels in the fair value hierarchy:

<i>As at 30 June 2022</i> <i>(Unaudited)</i>	<i>Level 1</i> <i>SR</i>	<i>Level 2</i> <i>SR</i>	<i>Level 3</i> <i>SR</i>	<i>Total</i> <i>SR</i>
Financial assets at FVTPL (note 6)	-	<b>1,568,093</b>	-	<b>1,568,093</b>

Baitk Liquidity Fund  
(Managed by Saudi Kuwaiti Finance House)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)  
30 June 2022

**8 FAIR VALUE MEASUREMENT (continued)**

<i>As at 31 December 2021 (Audited)</i>	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Financial assets at FVTPL (note 6)	-	1,548,127	-	1,548,127

**9 LAST VALUATION DATE**

The last valuation date of the period was 30 June 2022 (31 December 2021: 30 December 2020).

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

The interim condensed financial statements were approved by the Board of Directors on 27 Muharram 1444H (corresponding to 25 August 2022).