

BAITK LIQUIDITY FUND
(Managed by Saudi Kuwaiti Finance House)

**INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
30 JUNE 2023**



Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF FINANCIAL STATEMENTS
As at 30 June 2023

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE UNITHOLDERS OF BAITK LIQUITY 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 2023, and the related interim condensed statements of profit and loss and other comprehensive income, cash flows, and changes in equity for the sixth-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 Standards 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 requires inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures 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 interim condensed financial statements of the Fund for the six-month period ended 30 June 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed financial statements on 27 Muharram 1444 H (corresponding to 25 August 2022). Further, the financial statements of the Fund for the year ended 31 December 2022 were audited by the same auditor who expressed an unmodified opinion on those financial statements on 7 Ramadan 1444 H (corresponding to 29 March 2023).

For Maham Company for Professional Services



Abdulaziz Saud Al-Shabeebi
Certified Public Accountant
License no. (339)

22 Muharram 1445 H
9 August 2023



Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
	Notes		
ASSETS			
Cash and cash equivalents		16,059,288	5,551,203
Financial assets at amortised cost	5	10,252,399	9,199,662
Financial assets at fair value through profit or loss ("FVTPL")	6	1,707,631	1,593,246
Accrued income		162,424	46,315
TOTAL ASSETS		28,181,742	16,390,426
LIABILITIES			
Management fee payable	7	51,229	35,486
Accrued expenses		163,565	145,514
Advance from investors	8	11,000,000	-
TOTAL LIABILITIES		11,214,794	181,000
EQUITY			
Net assets attributable to unitholders of redeemable units		16,966,948	16,209,426
TOTAL LIABILITY AND EQUITY		28,181,742	16,390,426
Redeemable units in issue (numbers)			
		1,540,670	1,503,633
Net assets value attributable to unitholders per unit (SR)			
		11.01	10.78

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE
INCOME

For the six-month period ended 30 June 2023

		<i>For the six-month period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2023</i>	<i>2022</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>	<i>SR</i>	<i>SR</i>
INCOME			
Special commission income		410,065	239,704
Gain from financial assets at FVTPL		27,831	19,966
TOTAL INCOME		437,896	259,670
EXPENSES			
Management fees	7	(18,105)	(15,798)
Custody fees		(17,014)	(14,252)
Professional fees		(29,891)	(17,629)
Provision for expected credit loss		(9,904)	-
Other operating expenses		(14,346)	(18,867)
TOTAL OPERATING EXPENSES		(89,260)	(66,546)
NET INCOME FOR THE PERIOD		348,636	193,124
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		348,636	193,124



The accompanying notes 1 to 11 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 2023

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES		
Net income for the period	348,636	193,124
<i>Adjustment for:</i>		
Gain from financial assets at FVTPL	(27,831)	(19,966)
Provision for expected credit loss	9,904	-
	330,709	173,158
<i>Changes in operating assets and liabilities:</i>		
Financial assets at amortised cost	(1,062,641)	(1,560,551)
Financial assets at FVTPL	(86,554)	-
Accrued income	(116,109)	43,322
Management fees payable	15,743	(321)
Accrued expenses	18,052	34,647
Net cash flows from operating activities	(900,800)	(1,309,745)
FINANCING ACTIVITIES		
Proceeds from issuance of units	420,000	-
Payment for redemption of units	(11,115)	-
Advance from investors	11,000,000	-
Net cash flows from financing activities	11,408,885	-
Net increase (decrease) in cash and cash equivalents	10,508,085	(1,309,745)
Cash and cash equivalents at the beginning of the period	5,551,203	2,282,272
Cash and cash equivalents at the end of the period	16,059,288	972,527



The accompanying notes 1 to 11 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 2023

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>
Net assets attributable to the redeemable unitholders at the beginning of the period (audited)	16,209,427	15,899,715
Comprehensive income:		
Net income for the period	348,636	193,124
Other comprehensive income for the period	-	-
Total comprehensive income for the period	348,636	193,124
CHANGE FROM UNIT TRANSACTIONS		
Proceeds from issuance of units during the period	420,000	-
Payment against redemption of units during the period	(11,115)	-
Net increase from unit transactions	408,885	-
Net assets attributable to the redeemable unitholders at the end of the period (unaudited)	16,966,948	16,092,839

REDEEMABLE UNITS' TRANSACTIONS

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

	<i>For the six-month period ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Units</i>	<i>Units</i>
UNITS AT THE BEGINNING OF THE PERIOD	1,503,633	1,500,855
Units issued during the period	38,037	-
Units redeemed during the period	(1,000)	-
NET INCREASE IN UNITS DURING THE PERIOD	37,037	-
UNITS AT THE END OF THE PERIOD	1,540,670	1,500,855



The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
At 30 June 2023

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 1439 H (corresponding 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 2022, 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 raise 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)
At 30 June 2023

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 2022 except for the adoption of new standards effective as of 1 January 2023. Several amendments apply for the first time in 2023, 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

	<i>30 June 2023</i> <i>(Unaudited)</i> <i>SR</i>	<i>31 December 2022</i> <i>(Audited)</i> <i>SR</i>
Murabaha deposits (i)	10,329,206	9,269,014
Less: Allowance for expected credit loss	(76,807)	(69,352)
	<u>10,252,399</u>	<u>9,199,662</u>

- (i) This represents Murabaha deposits placed with several banks and investment companies operating in Saudi Arabia with original maturities greater than 90 days but not exceeding 1 year and carried an average special commission income rate of 6.14% per annum (31 December 2022: 4.94%).

6. FINANCIAL ASSETS AT FVTPL

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

	<i>30 June 2023</i> <i>(Unaudited)</i>		<i>31 December 2022</i> <i>(Audited)</i>	
	Cost (SR)	Market Value (SR)	Cost (SR)	Market Value (SR)
Artal Murabaha Fund	1,700,000	1,707,631		
SICO Capital Money Market Fund			1,500,000	1,593,246

Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
At 30 June 2023

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

Name of related party	Nature of relationship	Nature of transaction	For the six-month period ended	
			30 June 2023 (Unaudited) SR	30 June 2022 (Unaudited) SR
Saudi Kuwaiti Finance House	Fund Manager	Management fees (i)	18,105	15,798
Board of Director	Members of Board of Director	Board fees expense	12,082	9,753

- (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 2023, the Fund Manager held 1,000,000 units (31 December 2022: 1,000,000 units).

7.2 Related party balances

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

Name of related party	Nature of relationship	Balance	30 June 2023 (Unaudited) SR	31 December 2022 (Audited) SR
Saudi Kuwaiti Finance House	Fund Manager	Management fees payable	51,229	35,486

8. ADVANCE FROM INVESTORS

This represents amounts received from investors for subscription in units that have not been issued as of 30 June 2023. The units have been issued to these investors in July 2023.

9. 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.

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 3 except FVTPL which are classified as level 1. The following table shows the fair values of financial assets, including their levels in the fair value hierarchy:

Baitk Liquidity Fund
(Managed by Saudi Kuwaiti Finance House)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
At 30 June 2023

9. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

<i>As at 30 June 2023 (Unaudited)</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)	1,707,631	-	-	1,707,631

<i>As at 31 December 2022 (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)	1,593,246	-	-	1,593,246

10. LAST VALUATION PERIOD

The last valuation day of the period was 22 June 2023 (29 December 2022).

11. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These financial statements are approved by the Fund's Board of Directors on 22 Muharram 1445 H (corresponding to 9 August 2023).