

## SICO FIXED INCOME FUND

### CONDENSED INTERIM FINANCIAL INFORMATION 30 June 2016

Fund Manager, Operator and Placement agent	Securities & Investment Company B.S.C. (c) P.O. Box 1331, Manama, Kingdom of Bahrain
Administrator, custodian and registrar	HSBC Bank Middle East Limited, Bahrain P.O. Box 57, Manama, Kingdom of Bahrain
Directors	Najla Mohammed Qassim Alshirawi Hanan Yusuf Hasan Sater Amal Ahmed Yusuf Alnaser Anantha Narayanan
Fund Company	SICO Funds Company VI B.S.C. (c) P.O. Box 1331, Manama, Kingdom of Bahrain
Auditor	KPMG Fakhro Balasubramanian Mahesh, <i>Partner</i> P.O. Box 710, Manama, Kingdom of Bahrain

**SICO Fixed Income Fund**

**CONDENSED INTERIM FINANCIAL INFORMATION  
for the six month period ended 30 June 2016**

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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

The Unit holders  
SICO Fixed Income Fund  
Kingdom of Bahrain

15 August 2016

### Introduction

We have reviewed the accompanying 30 June 2016 condensed interim financial information of SICO Fixed Income Fund (the "Fund"), which comprises:

- the condensed statement of financial position as at 30 June 2016;
- the condensed statement of profit or loss and other comprehensive income for the six month period ended 30 June 2016;
- the condensed statement of changes in net assets attributable to unit holders for the six month period ended 30 June 2016;
- the condensed statement of cash flows for the six month period ended 30 June 2016; and
- notes to the interim financial information.

The Board of Directors of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information 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". 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 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 30 June 2016 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2016

Bahraini dinars

	Note	30 June 2016 (reviewed)	31 December 2015 (audited)
<b>Assets</b>			
Cash and cash equivalents		753,261	914,709
Investments at fair value through profit or loss	7	3,729,433	3,422,172
Other receivables		48,135	46,572
<b>Total assets</b>		<b>4,530,829</b>	<b>4,383,453</b>
<b>Liabilities</b>			
Short-term borrowings	8	693,449	695,985
Other payables		10,490	10,949
<b>Total liabilities (excluding net assets attributable to unit holders)</b>		<b>703,939</b>	<b>706,934</b>
<b>Net assets attributable to holders of:</b>			
- Class A units		487,941	469,407
- Class B units		3,338,949	3,207,112
<b>Net assets attributable to unit holders</b>		<b>3,826,890</b>	<b>3,676,519</b>
Net Asset Value ("NAV") per unit at book value based on 11,984.31 units (31 December 2015: 11,984.31) outstanding with respect to class A units.		40.716	39.168
Net Asset Value ("NAV") per unit at book value based on 81,314.32 units (31 December 2015: 81,282.58) outstanding with respect to class B units.		41.063	39.456



Anantha Narayanan  
Director



Najla Mohammed Qassim Alshirawi  
Director

The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of Directors on 15 August 2016.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the six month period ended 30 June 2016

Bahraini dinars

	Note	Six months ended 30 June 2016 (reviewed)	Six months ended 30 June 2015 (reviewed)
Net change in fair value of investments at fair value through profit or loss	7	65,981	7,972
Interest income		109,835	103,064
<b>Total income</b>		<b>175,816</b>	<b>111,036</b>
Management fees	9	14,515	12,805
Custody and administration fees		5,104	3,584
Registrar fees		1,131	1,079
Audit fees		1,293	1,289
Finance expense		2,814	1,694
Operating expenses		1,843	3,016
<b>Total expenses</b>		<b>26,700</b>	<b>23,467</b>
<b>Profit for the period</b>		<b>149,116</b>	<b>87,569</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>149,116</b>	<b>87,569</b>



Anantha Narayanan  
Director



Najla Mohammed Qassim Alshirawi  
Director

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**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS**  
for the six month period ended 30 June 2016

Bahraini dinars

	Number of units	Unit capital	Unit surplus	Retained earnings	Total
<b>2016 (reviewed)</b>					
At 1 January 2016	93,267	3,516,162	23,342	137,015	3,676,519
Total comprehensive income for the period	-	-	-	149,116	149,116
Subscription of units during the period	32	1,197	58	-	1,255
<b>At 30 June 2016</b>	<b>93,299</b>	<b>3,517,359</b>	<b>23,400</b>	<b>286,131</b>	<b>3,826,890</b>

	Number of units	Unit capital	Unit surplus	Retained earnings	Total
<b>2015 (reviewed)</b>					
At 1 January 2015	83,131	3,134,022	7,140	167,324	3,308,486
Total comprehensive income for the period	-	-	-	87,569	87,569
Subscription of units during the period	3,897	146,912	7,505	-	154,417
Distribution to unit holders	-	-	-	(54,856)	(54,856)
<b>At 30 June 2015</b>	<b>87,028</b>	<b>3,280,934</b>	<b>14,645</b>	<b>200,037</b>	<b>3,495,616</b>

The condensed interim financial information consists of pages 2 to 9.

**CONDENSED STATEMENT OF CASH FLOWS**  
**for the six month period ended 30 June 2016**

Bahraini dinars

	<b>Six months ended 30 June 2016 (reviewed)</b>	<b>Six months ended 30 June 2015 (reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	149,116	87,569
<i>Adjustments for:</i>		
Net changes in fair value of investments at fair value through profit or loss	(65,981)	(7,972)
<i>Operating profit before changes in working capital</i>	83,135	79,597
(Increase) / decrease in other receivables	(1,563)	10,564
(Decrease) / increase in short-term borrowings	(2,536)	67,489
Decrease in other payables	(459)	(389)
<b>Net cash from operating activities</b>	<b>78,577</b>	<b>157,261</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments at fair value through profit or loss	(241,280)	(510,664)
Disposal of investments at fair value through profit or loss	-	195,437
<b>Net cash used in investing activities</b>	<b>(241,280)</b>	<b>(315,227)</b>
<b>FINANCING ACTIVITIES</b>		
Subscription of units	1,255	154,417
Distribution to unit holders	-	(54,856)
<b>Net cash from financing activities</b>	<b>1,255</b>	<b>99,561</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(161,448)</b>	<b>(58,405)</b>
Cash and cash equivalents at beginning of the period	914,709	749,811
<b>Cash and cash equivalents at end of the period</b>	<b>753,261</b>	<b>691,406</b>

The condensed interim financial information consists of pages 2 to 9.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the six month period ended 30 June 2016**

Bahraini dinars

**1. Reporting entity**

SICO Fixed Income Fund (the "Fund") is an open ended expert fund launched by SICO Funds Company VI BSC (c) (the "Fund Company"), a closed joint stock company incorporated in the Kingdom of Bahrain with commercial registration number 73587. The Fund has been classified as an expert fund under the CIU Module Volume 7 of the CBB Rule Book. Although the Fund's units are listed on the Bahrain Bourse all unit transactions are carried out directly by the Fund.

The duration of the Fund is subject to the duration of the Company, which is 25 years from December 2009. This period may be extended by resolution of the Company's shareholders with the prior approval of the Ministry of Industry and Commerce of Bahrain and the Central Bank of Bahrain. The Fund commenced operations on 2 April 2013.

The primary objective of the Fund is to generate income and seek capital appreciation over the medium to long term. The Fund will aim to achieve this investment objective by actively investing in diversified portfolio of government and corporate fixed income, sukuk, repo, reverse repo, money market instruments, and other fixed income related instruments for hedging purposes.

The Fund is managed and operated by Securities & Investment Company BSC (c) (the "Fund Manager"). The Fund's custody, administration activities and unit registration are undertaken by HSBC Bank Middle East Limited Bahrain Branch.

**2. Basis of preparation****Statement of compliance**

This condensed interim financial information has been prepared in condensed form in accordance with the International Accounting Standard 34 - *Interim Financial Reporting*. The condensed interim financial information does not include all of the information required for complete set of IFRS financial statements, and should be read in conjunction with the complete set of financial statements of the Fund as at and for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Fund's financial position and performance since the last audited financial statements as at and for the year ended 31 December 2015.

The condensed interim financial information for the six month period ended 30 June 2016 is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the 31 December 2015 audited financial statements and the corresponding figures for the condensed statement of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows have been extracted from the 30 June 2015 reviewed condensed interim financial information.

**3. Significant accounting policies**

The accounting policies applied in this condensed interim financial information are the same as those applied in the Fund's audited financial statements as at and for the year ended 31 December 2015.

**4. Significant judgement and estimates**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
for the six month period ended 30 June 2016

Bahraini dinars

**4. Significant judgements and estimates (continued)**

In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2015.

**5. Financial risk management**

The Fund's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2015.

**6. Seasonality**

Due to the nature of the Fund's operations, the six month period results reported in this condensed interim financial information may not represent a proportionate share of the overall annual results.

**7. Investments at fair value through profit or loss**

This represents investments in quoted debt securities. The fair value of these securities is based on their quoted market closing price as at the reporting date. Movement on the investment at fair value through profit or loss as follow:

	<b>30 June 2016 (reviewed)</b>	<b>31 December 2015 (audited)</b>
Opening Balance	3,422,172	3,204,170
Additions during the period	241,280	510,530
Disposals during the period	-	(195,437)
Change in fair value	65,981	(97,091)
<b>Closing balance</b>	<b>3,729,433</b>	<b>3,422,172</b>

**8. Short-term borrowing**

Short-term borrowings include borrowings under repurchase agreements of BD 693,449 (31 December 2015: BD 695,985). The fair value of the investments at fair value through profit or loss pledged as collateral amounts to BD 753,714 (31 December 2015: BD 770,186).

**9. Related party balances and transactions**

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 operating decisions. Related parties include entities over which they exercises significant influence on the Fund, such as directors and Fund Manager of the Fund.

**a) Related party balances**

	<b>30 June 2016 (reviewed)</b>	<b>31 December 2015 (audited)</b>
Accrued management fees	7,359	7,845

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the six month period ended 30 June 2016**

Bahraini dinars

9. *Related party balances and transactions (continued)*

**b) Related party transactions**

**a) Management fees**

Securities and Investments Company BSC (c) manages the Fund's operations for an annual fee of 1% and 0.75% on the NAV as of each dealing day for Class A units and Class B units respectively. Management fees are accrued on the dealing day and payable quarterly in arrears. The management fees for the six month period ended 30 June 2016 amounted to BD 14,515 (30 June 2015: BD 12,805).

**b)** The Fund Manager did not earn or participate in any soft commission arrangements related to dealings in the Fund's assets.

10. **Financial instruments**

**Measurement of fair values**

When measuring fair value of an asset or a liability, the Fund uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes has occurred.

The table below analyses financial instruments measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
<b>30 June 2016 (reviewed)</b>				
Investments at fair value through profit or loss	3,262,018	467,415	-	3,729,433
	<b>3,262,018</b>	<b>467,415</b>	-	<b>3,729,433</b>
<b>31 December 2015 (audited)</b>				
Investments at fair value through profit or loss	3,188,804	233,368	-	3,422,172
	<b>3,188,804</b>	<b>233,368</b>	-	<b>3,422,172</b>

During 2016, debt securities with a carrying amount BD 233,368 were transferred from Level 1 to Level 2 because bid price quotations in active market were no longer available. However, there was sufficient information available to measure the fair values of these securities based on observable market inputs.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
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Bahraini dinars

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**10. Financial instruments (continued)**

**Financial instruments not measured at fair value**

The fair value of all other financial instruments approximate their respective book value due to their short-term nature.

**11. Comparatives**

Certain regroupings have been made in the comparative figures in order to conform to the current period's presentation. Such regroupings did not affect previously reported comprehensive income or total equity.