

SICO FIXED INCOME FUND

Period from 2 April 2013 to 30 June 2013

CONDENSED INTERIM FINANCIAL INFORMATION

Fund Manager, Operator and Placement agent	Securities & Investment Company B.S.C. (c) PO Box 1331, Manama, Kingdom of Bahrain
Administrator	HSBC Bank Middle East Limited. PO Box 57, Manama, Kingdom of Bahrain
Registrar	HSBC Bank Middle East Limited. PO Box 57, Manama, Kingdom of Bahrain
Directors	Anthony C. Mallis Najla Al Shirawi Hanan Y. Sater Samir Sami
Fund Company	SICO Funds Company VI B.S.C. (c) PO Box 1331, Manama, Kingdom of Bahrain
Registered office	SICO Funds Company VI B.S.C. (c) PO Box 1331, Manama, Kingdom of Bahrain
Custodian	HSBC Bank Middle East Limited, Bahrain PO Box 57, Manama, Kingdom of Bahrain
Auditor	Jalil AlAali, <i>Partner</i> KPMG Fakhro P O Box 710, Manama, Kingdom of Bahrain

SICO Fixed Income Fund

**CONDENSED INTERIM FINANCIAL INFORMATION
for the period from 2 April 2013 to 30 June 2013**

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

The Unit Holders
SICO Fixed Income Fund
Kingdom of Bahrain

28 August 2013

Introduction

We have reviewed the accompanying 30 June 2013 condensed interim financial information of SICO Fixed Income Fund (the "Fund"), which comprises:

- the condensed statement of financial position as at 30 June 2013;
- the condensed statement of profit or loss and comprehensive income for the period from 2 April 2013 to 30 June 2013;
- the condensed statement of changes in net assets attributable to unit holders for the period from 2 April 2013 to 30 June 2013;
- the condensed statement of cash flows for the period from 2 April 2013 to 30 June 2013; 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

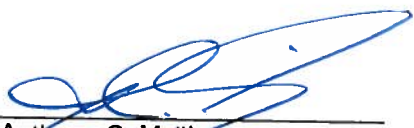
Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

SICO Fixed Income Fund


CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

Bahraini dinars

	Note	30 June 2013 (reviewed)
Assets		
Cash and cash equivalents		367,327
Investments at fair value through profit or loss	4	3,238,551
Prepayments and other receivables		68,542
Total assets		3,674,420
Liabilities		
Payables and other liabilities		7,482
		7,482
Net assets attributable to holders of:		
- Class A units		956,392
- Class B units		2,710,546
Net assets attributable to unit holders		3,666,938
Net Asset Value ("NAV") per unit		
- Class A units based on 26,477 units outstanding		36.12
- Class B units based on 74,994 units outstanding		36.14



Anthony C. Mallis,
Chairman and Managing Director
SICO Funds Company VI B.S.C. (c)



Hanan Y. Sater
Director
SICO Funds Company VI B.S.C. (c)


The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of Directors on 28 August 2013.

SICO Fixed Income Fund


CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period from 2 April 2013 to 30 June 2013

Bahraini dinars

	Period from 2 April 2013 to 30 June 2013 (reviewed)
Net change in fair value of investments at fair value through profit or loss	(197,469)
Interest income	45,034
Total loss	(152,435)
Management fees	(6,777)
Custody and administration fees	(1,799)
Audit fees	(163)
Registrar fees	(356)
Preliminary expenses	(369)
Other fees and commissions	(1,437)
Total expenses	(10,901)
Loss for the period	(163,336)
Other comprehensive income	-
Total comprehensive income for the period	(163,336)



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Hanan Y. Sater
Director
SICO Funds Company VI B.S.C. (c)

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SICO Fixed Income Fund**CONDENSED STATEMENT OF CASH FLOWS
for the period from 2 April 2013 to 30 June 2013**

Bahraini dinars

	Period from 2 April 2013 to 30 June 2013 (reviewed)
Cash flow from operating activities	
Loss for the period	(163,336)
<i>Adjustments for:</i>	
Increase in investments at fair value through profit or loss	(3,238,551)
Increase in prepayments and other receivables	(68,542)
Increase in payables and other liabilities	7,482
Net cash used in operating activities	(3,462,947)
Cash flow from financing activities	
Subscription of units during the period	3,830,274
Net cash generated from financing activities	3,830,274
Net increase in cash and cash equivalents	367,327
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	367,327

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

1. Reporting entity

SICO Fixed Income Fund ("SFIF" or the "Fund") is an open ended expert sub-fund of SICO Funds Company VI B.S.C. (c) (the "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, CBB Rule Book Volume 7. Although the Fund's units are listed on the Bahrain Bourse all unit transactions are carried out directly by the Fund.

The share capital of the Company is BD 1,000 and the shareholders of the Company are Securities & Investment Company B.S.C. (c) 99% and SICO Ventures Company SPC 1%.

The duration of the Fund is subject to the duration of the Company, which is twenty five calendar years from 15 December 2009, the date of registration of the Company. 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's investment and administration activities are managed by Securities & Investment Company B.S.C (c) and HSBC Bank Middle East Limited (Bahrain Branch) respectively.

The accompanying condensed interim financial information relates to SICO Fixed Income Fund only.

2. Basis of preparation

a) 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 financial statements.

The condensed interim financial information for the period from 2 April 2013 to 30 June 2013 is unaudited but has been reviewed by KPMG and their report is set out on page 1. Since this is the year of commencement of operations of the Fund, no prior period comparative information is given in this condensed interim financial information.

Due to the nature of the Fund's activities, the results for the six month period ended 30 June 2013, as reported in the condensed interim financial information, are not indicative of the results that may be expected for the year ending 31 December 2013.

b) 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.

In preparing the condensed interim financial information, significant judgments has been made by management in applying the Fund's accounting policies.

3. Significant accounting policies

The significant accounting policies of the Fund are set out below.

a) Cash and bank balances

Cash and bank balances comprise cash and bank balances and short-term deposits with original maturities of three months or less.

b) Investments at fair value through profit or loss

Investments at fair value through profit or loss are those that the Fund principally holds for the purpose of short-term profit taking. These include listed and quoted fixed income securities.

Investments at fair value through profit or loss are measured initially at fair value (transaction price). Transaction costs on investments at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all investments classified at fair value through profit or loss is measured at fair value with changes in their fair value recognized in the statement of comprehensive income.

Financial investments are recognized/derecognized by the Fund on the date it commits to purchase/sell the investments.

Fair value measurement principles

The fair value of quoted investments is based on their quoted bid price at the reporting date without any deduction for estimated future selling costs.

Recognition/derecognition

Investments are recognised/derecognized by the Fund on the date it commits to purchase/sell the investments.

c) Other assets

Other assets are stated at their cost less impairment losses, if any.

Other assets are reviewed at the reporting date to determine whether there is objective evidence of impairment. Other assets carried at amortised cost are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

d) Provisions

A provision is recognized in the Statement of financial position when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

e) Unit capital

The Fund's redeemable units, with discretionary dividends, meet the classification requirements of an equity instrument as per IAS-32 – Financial Instruments: Presentation and hence classified as equity. The redemption value of these units is determined based on net assets of the Fund.

f) Unit surplus/ (deficit)

On the issue of units, the difference between the issue price and the nominal value is credited to unit surplus / deficit account. On redemption, the premium repayable is debited to the unit surplus account. For units redeemed at a discount, the difference between redemption value and par value is credited to unit surplus account.

g) Net asset value per unit

The net asset value per Unit is calculated by dividing the net assets included in the statement of financial position by the number of units outstanding at year-end.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the period from 2 April 2013 to 30 June 2013

Bahraini dinars

3. *Significant accounting policies (continued)*

h) Interest income

Interest income is recognized in the income statement on a time-apportioned basis using the effective interest method.

i) Foreign currencies

Transactions in foreign currencies are translated to Bahraini dinars, at the foreign exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated into Bahraini dinars at the exchange rates at the reporting date.

Non monetary assets and liabilities denominated in foreign currencies that are stated at fair values are translated to Bahraini dinars at the foreign exchange rate prevailing at the dates that the values are determined, resulting gains and losses are recognised in the income statement. Non monetary assets and liabilities carried at cost are recorded in Bahraini dinars at the exchange rate prevailing at the date of transaction.

The financial statements are presented in Bahraini dinar ("BD") which is the presentation currency for the financial statements. The functional currency of the financial statements is different from the currency of the country in which the Fund is registered since majority of the Fund's transactions are denominated in United States Dollars ("USD").

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

This represents investments in quoted equity securities. The fair value of these securities is based on their quoted market bid price as at the reporting date.

Movements in portfolio investments

Additions during the period
Disposals during the period
Change in fair value of investments at fair value through profit or loss

30 June 2013 (reviewed)	
	7,141,781
	(3,705,761)
	(197,469)
	3,238,551

Investment portfolio

Investments in fixed income securities

Investcorp SA 8.25% 01/11/2017
Kuwait Projects 9.375% 15/07/2020
Atlantic Finance 10.75% 27/05/2014
Kingdom of Bahrain 6.125% 05/07/2022
Albaraka Turk Suku 7.75% CV 07/05/2023
Turkiye IS Bankasi 3.75% 10/10/2018
Dubai Electric and Water 7.375% 21/10/2020
Batelco Int Fin No 1 Ltd 4.25% 01/05/2020
Emmar Sukuk Ltd 6.4% 18/07/2019
AK Finansal Kiralama 4.125% 17/04/2018

30 June 2013 (reviewed)	
Fair value	Value of investment as a percentage of NAV
484,266	13.21%
439,171	11.98%
402,576	10.98%
386,146	10.53%
370,146	10.09%
283,707	7.74%
254,889	6.95%
239,925	6.54%
233,859	6.38%
143,866	3.92%
3,238,551	88.32%

5. 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 the Fund exercises significant influence, unit holders, directors and the Fund Manager of the Fund.

Balances and transactions with related parties were as follows:

Due to related parties

Accrued management fees

**30 June 2013
(reviewed)**

6,777

Transactions with related parties

- a) Management fees, calculated at 1.5% per annum of the monthly net asset value of the Fund, is payable to SICO. The management fees for the six months period ended 30 June 2013 amounted to BD 6,777.
- b) At the reporting date, the Fund Manager holds 60,099.47 (59.23%) units in the Fund with a net asset value amounting to BD 2,171,862.

6. Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. as derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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 categorized:

	Level 1	Level 2	Level 3	Total
30 June 2013 (reviewed)				
Investments at fair value through profit or loss	3,238,551	-	-	3,238,551
	3,238,551	-	-	3,238,551

During the period from 2 April 2013 to 30 June 2013, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 fair value measurements.