

SICO GULF EQUITY FUND

(A sub fund of SICO Funds Company III B.S.C. (c))

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012

SICO GULF EQUITY FUND
(A sub fund of SICO Funds Company III B.S.C. (e))

Condensed interim financial information
For the six month period ended 30 June 2012

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SICO GULF EQUITY FUND
(A sub fund of NBK Gulf Equity Funds Company B.S.C. (c))

Information about the Fund

Directors of the Fund Company	Anthony C. Mallis - Chairman Najla Al Shirawi - Director Shakeel Sarwar Butt - Director Samir Sami - Director
Registered office	2 nd Floor, BMB Centre, PO Box 1331, Diplomatic Area, Kingdom of Bahrain
Bankers	HSBC Bank Middle East Limited (Bahrain Branch)
Investment managers	Securities & Investment Company B.S.C (c) (SICO)
Administrators	HSBC Bank Middle East Limited (Bahrain Branch)
Custodian	HSBC Bank Middle East Limited (Bahrain Branch)
Registrar	APEX Funds Service Company
Auditors	PricewaterhouseCoopers 13 th Floor, T.J. Tower, PO Box 21144, Seef District, Kingdom of Bahrain



**REPORT ON REVIEW OF FINANCIAL INFORMATION TO THE DIRECTORS OF
SICO FUNDS COMPANY III B.S.C. (c) WITH RESPECT TO
SICO GULF EQUITY FUND**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SICO Gulf Equity Fund (the Fund), a sub-fund of SICO Funds Company III B.S.C. (c), (the Company) as at 30 June 2012 and the related condensed interim statements of comprehensive income, cash flows and changes in net assets attributable to holders of redeemable units for the six month period then ended. The Company's Directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 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 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers

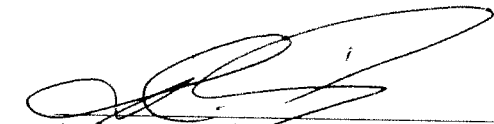
29 August 2012
Manama, Kingdom of Bahrain

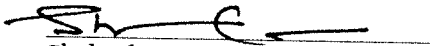
For PricewaterhouseCoopers:
Mario Portelli
License number 101

SICO GULF EQUITY FUND
(A sub fund of SICO Funds Company III B.S.C. (c))
Condensed interim statement of financial position
(Expressed in Bahraini Dinars unless otherwise stated)

	Note	30 June 2012 (Reviewed)	31 December 2011 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	5	286,430	147,910
Financial assets at fair value through profit or loss	6	7,740,060	8,329,089
Other assets		10,445	15,623
Total assets		<u>8,036,935</u>	<u>8,492,622</u>
LIABILITIES			
Current liabilities			
Payables and accrued expenses		66,084	47,954
Liabilities (excluding net assets attributable to holders of redeemable units)		<u>66,084</u>	<u>47,954</u>
Net assets attributable to holders of redeemable units	7	<u>7,970,851</u>	<u>8,444,668</u>
Total liabilities		<u>8,036,935</u>	<u>8,492,622</u>
Net assets attributable to holders of redeemable units		7,970,851	8,444,668
Number of units		221,818	222,531
Net asset value per unit		35.934	37.948

This condensed interim financial information has been approved for issue by the Board of Directors of the Company on 28 August 2012 and signed on its behalf by:


Anthony C. Mallis
Chairman
SICO Funds Company B.S.C (c)


Shakeel Sarwar
Director
SICO Funds Company B.S.C (c)

The notes on pages 7 to 12 form an integral part of this condensed interim financial information.

SICO GULF EQUITY FUND

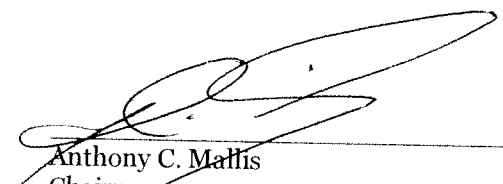
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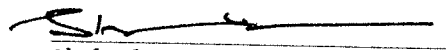
Condensed interim statement of comprehensive income

(Expressed in Bahraini Dinars unless otherwise stated)

		Six month period ended	
	Note	30 June 2012	30 June 2011
		(Reviewed)	(Reviewed)
Income			
Net changes in fair value of financial assets at fair value through profit or loss		(288,980)	(559,216)
Dividend income		366,508	357,815
Interest income		80	694
Other income		873	2,534
Total net income		<u>78,481</u>	<u>(198,173)</u>
Expenses			
Management fee	8	(84,502)	(90,861)
Custody and administration fees	9	(11,553)	(13,614)
Other fees and commissions		(2,585)	(6,299)
Audit fees		(1,500)	(1,500)
General and administrative expenses		(2,057)	(620)
Total operating expenses		<u>(102,197)</u>	<u>(112,894)</u>
Operating profit		<u>(23,716)</u>	<u>(311,067)</u>
Distributions to unit holders	10	(419,543)	-
Decrease in net assets attributable to holders of redeemable units from operations		<u>(443,259)</u>	<u>(311,067)</u>

This condensed interim financial information has been approved for issue by the Board of Directors of the Company on 28 August 2012 and signed on its behalf by:


Anthony C. Mallis
Chairman
SICO Funds Company B.S.C (c)


Shakeel Sarwar
Director
SICO Funds Company B.S.C (c)

The notes on pages 7 to 12 form an integral part of this condensed interim financial information.

SICO GULF EQUITY FUND

(A sub fund of SICO Funds Company III B.S.C. (c))

Condensed interim statement of changes in net assets attributable to holders of redeemable units

(Expressed in Bahraini Dinars unless otherwise stated)

	Nominal value of units	Unit premium/ (discount)	Change in net assets attributable to holders of redeemable units	Total
At 1 January 2011	8,727,456	436,317	453,034	9,616,807
Redemption of units during the period being net decrease from unit transactions	(338,024)	(30,762)	-	(368,786)
Decrease in net assets attributable to holders of redeemable units from operations	-	-	(311,067)	(311,067)
At 30 June 2011	<u>8,389,432</u>	<u>405,555</u>	<u>141,967</u>	<u>8,936,954</u>
At 1 January 2012	8,389,432	405,555	(350,319)	8,444,668
Issue of units during the period	22,808	482	-	23,290
Redemption of units during the period	(49,689)	(4,159)	-	(53,848)
Net decrease from unit transactions	(26,881)	(3,677)	-	(30,558)
Decrease in net assets attributable to holders of redeemable units from operations	-	-	(443,259)	(443,259)
At 30 June 2012	<u>8,362,551</u>	<u>401,878</u>	<u>(793,578)</u>	<u>7,970,851</u>

The notes on pages 7 to 12 form an integral part of this condensed interim financial information.

SICO GULF EQUITY FUND
(A sub fund of SICO Funds Company III B.S.C. (c))
Condensed interim statement of cash flows
(Expressed in Bahraini Dinars unless otherwise stated)

	Note	Six month period ended 30 June 2012 (Reviewed)	30 June 2011 (Reviewed)
Operating activities			
Decrease in net assets attributable to holders of redeemable units from operations		(443,259)	(311,067)
Adjustments:			
Unrealised fair value movements on financial assets at fair value through profit or loss		372,607	1,012,249
Distribution to unit holders		419,543	-
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		216,422	(9,525,948)
Prepayments and other receivables		5,178	411,954
Payables and accrued expenses		18,130	(120,342)
Net cash provided by/(used in) operating activities		<u>588,621</u>	<u>(8,533,154)</u>
Investing activities			
		-	-
Financing activities			
Distribution to unit holders	10	(419,543)	-
Subscription of units during the period		23,290	-
Redemption of units during the period		(53,848)	(368,786)
Net cash used in financing activities		<u>(450,101)</u>	<u>(368,786)</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		138,520	(8,901,940)
		<u>147,910</u>	<u>9,470,204</u>
Cash and cash equivalents at the end of the period	5	<u>286,430</u>	<u>568,264</u>

The notes on pages 7 to 12 form an integral part of this condensed interim financial information.

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012

(Expressed in Bahraini Dinars unless otherwise stated)

1 Incorporation and background information

SICO Gulf Equity Fund (SGEF or the Fund) is an open ended sub-fund of SICO Gulf Equity Funds Company III B.S.C. (c) (the Company), a closed joint stock company incorporated in the Kingdom of Bahrain with commercial registration number 59294 whose registered address is at 2nd Floor, BMB Center, Diplomatic Area, Kingdom of Bahrain. The Fund commenced trading in May 2008. 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 with 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) 99.9% and SICO Ventures Company SPC 0.1%.

The duration of the Fund is subject to the duration of the Company, which is 25 Gregorian calendar years from 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 principal investment objective of the Fund is to achieve long term capital appreciation for holders of units by investing principally in equity securities listed on the stock markets of Kuwait, Bahrain, Oman, Qatar and the UAE. The Fund may also invest in equity related hybrid debt securities listed in GCC countries excluding the Kingdom of Saudi Arabia in addition to unlisted debt securities issued by governments or quasi governments in the GCC countries excluding the Kingdom of Saudi Arabia.

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 Gulf Equity Fund only.

2 Accounting policies

Basis of preparation

This condensed interim financial information for the six month period ended 30 June 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with IFRSs.

There are no standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Fund.

Standards, new interpretations and amendments to standards and interpretations which have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- Amendment to IFRS 7, 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities published in December 2011. This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The new amendment is not expected to have any impact on the Fund's financial position or performance.
- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities published in December 2011. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The new amendment is not expected to have any impact on the Fund's financial position or performance.

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012 (continued)

(Expressed in Bahraini Dinars unless otherwise stated)

2 Accounting policies (continued)

Basis of preparation (continued)

Standards, new interpretations and amendments to standards and interpretations which have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted (continued):

- Annual improvements 2011 published in May 2012. These annual improvements include changes to IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation', IAS 34, 'Interim financial reporting'. These annual improvements are not expected to have any impact on the Fund's financial position or performance.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

Distributions to unit holders

Distributions to unit holders are recognized in the statement of comprehensive income when they are appropriately authorized and no longer at the discretion of the Fund. The distribution on the redeemable shares is recognized as a finance cost in the statement of comprehensive income.

3 Financial risk management

3.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's financial statements for the year ended 31 December 2011.

There have been no changes in the risk management function since the year end or in any risk management policies.

3.2 Liquidity risk

There was no material change in the contractual undiscounted cash out flows for financial liabilities compared to the prior year end.

3.3 Fair value estimation

The estimated fair value of the Fund's other assets and liabilities is not significantly different from their respective carrying values.

In 2012 there were no reclassifications of financial assets.

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012 (continued)

(Expressed in Bahraini Dinars unless otherwise stated)

4. Estimates

The preparation of the interim condensed 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 this interim condensed 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 for the year ended 31 December 2011.

5 Cash and cash equivalents

	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Current account with custodian	286,430	147,910

6 Financial assets at fair value through profit or loss

The Fund held investments in the following countries:

	30 June 2012 (Reviewed)		31 December 2011 (Audited)	
	BHD	%	BHD	%
<u>Investments in equity securities:</u>				
- Qatar	1,725,440	22.29	2,931,139	35.19
- United Arab Emirates	1,984,913	25.65	2,190,356	26.30
- Kuwait	1,549,919	20.02	1,615,046	19.39
- Oman	1,453,434	18.78	840,948	10.10
- Bahrain	325,733	4.21	751,600	9.02
- United States of America	700,621	9.05	-	-
Total financial assets designated at fair value through profit or loss	7,740,060	100.00	8,329,089	100.00

Financial assets at fair value through profit or loss as of 30 June 2012 represent 96.31% (31 December 2011: 98.07%) of the Fund's total assets.

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012 (continued)

(Expressed in Bahraini Dinars unless otherwise stated)

6 Financial assets at fair value through profit or loss (continued)

The Fund held the following investment securities:

	30 June 2012		31 December 2011	
	(Reviewed)		(Audited)	
	BHD	%	BHD	%
Bank Muscat SAOG	447,878	5.79	473,090	5.68
Mobile Telecommunications Co	431,001	5.58	307,900	3.70
Qatar National Bank	414,411	5.35	467,509	5.61
Qatar Industries	396,870	5.13	515,799	6.19
National Bank of Kuwait	373,782	4.83	428,507	5.14
Mabanee Co	362,720	4.69	257,512	3.09
First Gulf Bank	346,115	4.47	359,972	4.32
Oman Telecommunications	342,988	4.41	367,857	4.42
Emaar Properties	339,422	4.39	244,000	2.93
Aramex PJSC	330,619	4.26	281,038	3.37
Drake & Scull International	324,966	4.20	354,811	4.26
Doha Bank	285,269	3.69	421,496	5.06
Al-Anwar Ceramic Tiles Company	275,542	3.56	-	-
Agthia Group	253,613	3.28	165,581	1.99
DP World	251,345	3.25	286,752	3.44
Qatar Electricity & Water	247,453	3.20	260,255	3.12
Aluminium Bahrain	233,738	3.02	201,289	2.42
Ahli United Bank	227,748	2.94	244,475	2.94
Abu Dhabi Islamic Bank	227,530	2.94	269,716	3.24
Commercial Bank of Qatar	219,887	2.84	426,510	5.12
Depa Ltd	217,061	2.80	228,486	2.74
Omani Qatari Telecommunications	214,305	2.77	-	-
National mobile Telecom	199,980	2.58	335,134	4.02
Kuwait Projects Co	182,436	2.36	164,052	1.97
Galfar Eng & Con	172,721	2.23	-	-
Union National Bank	162,649	2.10	-	-
Qatar National Cement	161,549	2.09	-	-
Bahrain Telecom	91,995	1.19	-	-
Sico Money Market Fund	4,467	0.06	305,836	3.69
Kuwait Finance House	-	-	121,942	1.46
Masraf Al Rayan	-	-	100,918	1.21
Qatar Islamic Bank	-	-	346,604	4.16
Qatar Navigation	-	-	392,048	4.71
	7,740,060	100.00	8,329,089	100.00

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012 (continued)

(Expressed in Bahraini Dinars unless otherwise stated)

7 Net asset value per unit

Nominal value

The initial offer price of the Fund unit was USD 100 each. The subscription price following the initial offer and the redemption price is the price at which the units are offered to subscribers which is based upon the net asset value (NAV) per unit of the Fund at close of business on the relevant valuation day.

The net asset value per unit of the Fund is calculated as follows:

	30 June 2012 (Reviewed)	31 December 2011 (Audited)
Number of units subscribed	221,818	222,531
Nominal value of units subscribed (BD)	8,362,551	8,389,432
Nominal value per unit subscribed (BD)	37.700	37.700
Nominal value per unit subscribed (USD)	100.00	100.00
Net asset value of the Fund (BD) *	7,970,851	8,444,668
Net asset value per unit (BD)	35.934	37.948
Net asset value per unit (US Dollar)	95.316	100.658

8 Related parties

Parties are considered 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 is a sub-fund of SICO Funds Company III B.S.C. (c), which is a wholly owned subsidiary of Securities & Investment Company B.S.C. (c) (SICO), which provides fund management services to the Fund. Related parties comprise SICO and its shareholders, unit holders of the Fund and the shareholders of SICO Funds Company III B.S.C. (c).

- (a) Management fees with respect to Class A units, calculated at 1.5% per annum of the monthly net asset value of the Fund, prior to the deduction of management fees is payable to SICO. The management fees for Class A units for the period ended 30 June 2012 amounted to BHD 3,695 (2011: BHD 5,657).

At 30 June 2012 the amount of management fees related to Class A units payable to SICO was BHD 1,818 (31 December 2011: BHD 2,401).

- (b) Management fees with respect to Class B units, calculated at 2% per annum of the monthly net asset value of the Fund, prior to the deduction of management fees is payable to SICO. The management fees for Class B units for the period ended 30 June 2012 amounted to BHD 80,807 (2011: BHD 85,204).

At 30 June 2012 the amount of management fees related to Class B units payable to SICO was BHD 41,748 (31 December 2011: BHD 43,354).

SICO GULF EQUITY FUND

(A sub fund of SICO Gulf Equity Funds Company III B.S.C. (c))

Notes to the interim condensed financial information for the six month period ended 30 June 2012 (continued)

(Expressed in Bahraini Dinars unless otherwise stated)

9 Custody and administration fees

- (a) A custodian fee is paid to HSBC Bank Middle East Limited (Bahrain Branch), the custodian and administrator of the Fund. This fee is payable at the higher of a minimum monthly fee of BD 377 (annual minimum fee of BD 4,524) and a percentage of the yearly net asset value of the Fund. The percentages applied are as follows:

Yearly NAV range	Annual administration fee percentage
\$0-10 million	15bps
\$10-25 million	14bps
\$25-50 million	13bps
\$50-100 million	12bps
Greater than \$100	11bps

- (b) An administration fee is paid to HSBC Bank Middle East Limited (Bahrain Branch), the custodian and administrator of the Fund. This fee is payable at the higher of a minimum monthly fee of BD 377 (annual minimum fee of BD 4,524) and a percentage of the yearly net asset value of the Fund. The percentages applied are as follows:

Yearly NAV range	Annual administration fee percentage
\$0-20 million	8bps
\$20-50 million	7bps
\$50-100 million	6bps
Greater than \$100	5bps

10 Distributions to unit holders

During June 2012, the Fund distributed BD 1.89 per unit to its unit holders which amounted to BD 419,543.

11 Seasonal items

Dividend income is unpredictable and is recognized when the Fund's entitlement to dividend income is established.