

SICO KINGDOM EQUITY FUND

CONDENSED INTERIM FINANCIAL INFORMATION 30 June 2014

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 , Bahrain PO Box 57, Manama, Kingdom of Bahrain
Registrar	APEX Funds Services Bahrain WLL PO Box 10405, Manama, Kingdom of Bahrain
Directors	Najla Al Shirawi Hanan Y. Sater Samir Sami Anthony Mallis (up to 13 March 2014)
Fund Company	SICO Funds Company IV B.S.C. (c) PO Box 1331, Manama, Kingdom of Bahrain
Registered office	SICO Funds Company IV 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 Al A'ali, <i>Partner</i> KPMG Fakhro PO Box 710, Manama, Kingdom of Bahrain

SICO Kingdom Equity Fund

CONDENSED INTERIM FINANCIAL INFORMATION
for the six-month period ended 30 June 2014

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**KPMG Fakhro
Audit**
12th Floor
Fakhro Tower
PO Box 710, Manama
Kingdom of Bahrain

CR No. 6220
Tel +973 17 224807
Fax +973 17 227443
Internet www.kpmg.com.bh

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

The Unit Holders
SICO Kingdom Equity Fund
Kingdom of Bahrain

24 August 2014

Introduction

We have reviewed the accompanying 30 June 2014 condensed interim financial information of SICO Kingdom Equity Fund (the "Fund"), which comprises:

- the condensed statement of financial position as at 30 June 2014;
- the condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2014;
- the condensed statement of changes in equity for the six-month period ended 30 June 2014;
- the condensed statement of cash flows for the six-month period ended 30 June 2014; and
- notes to the condensed 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 condensed 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 2014 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

SICO Kingdom Equity Fund

**CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014**

Bahraini dinars

	Note	30 June 2014 (reviewed)	31 December 2013 (audited)
Assets			
Cash and cash equivalents		126,094	92,806
Investments at fair value through profit or loss	4	3,513,079	2,655,177
Dividend receivables		1,847	-
Other receivables		4	37,703
Total assets		3,641,024	2,785,686
Liabilities			
Others liabilities		20,816	15,366
Total liabilities		20,816	15,366
Equity			
Unit capital		2,171,310	1,907,917
Unit surplus / (deficit)		57,795	(83,049)
Retained earnings		1,391,103	945,452
Total equity		3,620,208	2,770,320
Total liabilities and equity		3,641,024	2,785,686
Net Asset Value ("NAV") per unit at book value based on 575,945 units (31 December 2013: 506,079) units outstanding		6.286	5.474

Hanan Y. Sater
Director

Najla Al Shirawi
Director

The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of directors on 24 August 2014.

SICO Kingdom Equity Fund

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six-month period ended 30 June 2014

Bahraini dinars

	Note	Six months ended 30 June 2014 (reviewed)	Six months ended 30 June 2013 (reviewed)
Net change in fair value of investments at fair value through profit or loss	4	405,889	426,671
Dividend income		75,083	69,421
Other income		3,244	976
Foreign exchange loss		(1,276)	-
Total income		482,940	497,068
Management fees	5a	25,453	18,622
Custody and administration fees		7,244	6,321
General and administrative expenses		87	280
Audit fees		2,232	2,034
Registrar fees		795	795
Fees and commission		1,478	991
Total expenses		37,289	29,043
Profit for the period		445,651	468,025
Other comprehensive income		-	-
Total comprehensive income for the period		445,651	468,025

Hanan Y. Sater
Director

Najla Al Shirawi
Director

The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of Directors on 24 August 2014.

SICO Kingdom Equity Fund

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2014

Bahraini dinars

	Number of units	Unit capital	Unit (deficit) / surplus	Retained earnings	Total
2014 (reviewed)					
Balance at 1 January 2014	506,079	1,907,917	(83,049)	945,452	2,770,320
Total comprehensive income for the period	-	-	-	445,651	445,651
Issue of units during the period	88,680	334,325	190,522	-	524,847
Redemption of units during the period	(18,814)	(70,932)	(49,678)	-	(120,610)
Balance at 30 June 2014	575,945	2,171,310	57,795	1,391,103	3,620,208
2013 (reviewed)					
Balance at 1 January 2013	496,801	1,872,939	(29,818)	200,227	2,043,348
Total comprehensive income for the period	-	-	-	468,025	468,025
Issue of units during the period	83,761	315,779	58,075	-	373,854
Balance at 30 June 2013	580,562	2,188,718	28,257	668,252	2,885,227

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

SICO Kingdom Equity Fund

**CONDENSED STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2014**

Bahraini dinars

	Six months ended 30 June 2014 (reviewed)	Six months ended 30 June 2013 (reviewed)
Cash flows from operating activities		
Profit for the period	445,651	468,025
<i>Adjustments for:</i>		
Increase in investments at fair value through profit or loss	(857,902)	(791,956)
Increase in dividend receivables	(1,847)	(7,325)
Decrease in other receivables	37,699	-
Increase in other liabilities	5,450	3,704
Net cash used in operating activities	(370,949)	(327,552)
Cash flows from financing activities		
Subscription of units during the period	524,847	373,854
Redemption of units during the period	(120,610)	-
Net cash generated from financing activities	404,237	373,854
Net increase in cash and cash equivalents	33,288	46,302
Cash and cash equivalents at beginning of the period	92,806	18,953
Cash and cash equivalents at end of the period	126,094	65,255

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

1. Reporting entity

SICO Kingdom Equity Fund ("SKEF" or the "Fund") is an open ended sub-fund of SICO Kingdom Equity Funds Company IV B.S.C. (c) (the Company), a closed joint stock company incorporated in the Kingdom of Bahrain with commercial registration number 73323 whose registered address is at 2nd Floor, BMB Center, Diplomatic Area, Kingdom of Bahrain. The Fund commenced trading in February 2011. 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% and SICO Ventures Company S.P.C. 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 in Saudi Arabia. From time to time, the Fund may also invest in equity related, hybrid and debt securities in addition to unlisted debt securities issued by the governments or quasi government institutions.

The investment management activities of the Fund are undertaken by Securities & Investment Company B.S.C (c) (the "Fund Manager"). The fund's custody and administration activities are undertaken by HSBC Bank Middle East limited Bahrain Branch.

The accompanying condensed interim financial information relates to SICO Kingdom Equity 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 the information required for a complete set of IFRS financial statements, and should be read in conjunction with the complete set of annual financial statements of the Fund as at and for the year ended 31 December 2013. 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 2013.

b) The condensed interim financial information for the six-month period ended 30 June 2014 is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the 31 December 2013 audited financial statements and the corresponding figures for the condensed statements of profit or loss and comprehensive income, changes in equity and cash flows have been extracted from the 30 June 2013 reviewed condensed interim financial information.

c) Due to the nature of the Fund's activities, the results for the six-month period ended 30 June 2014, as reported in the condensed interim financial information, are not indicative of the results that may be expected for the year ending 31 December 2014.

d) 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.

2. *Basis of preparation (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 2013.

e) **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 2013.

3. **Significant accounting policies**

The accounting policies applied in these condensed interim financial information are the same as those applied in the Fund's financial statements as at and for the year ended 31 December 2013.

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 price as at the reporting date.

Movements on portfolio investments

	30 June 2014 (reviewed)	31 December 2013 (audited)
Opening balance	2,655,177	2,036,218
Additions	3,179,560	2,054,572
Disposals	(2,727,547)	(2,135,195)
Change in fair value of investments	405,889	699,582
Closing balance	3,513,079	2,655,177

Details of the top ten securities are as follows:

30 June 2014 (reviewed)

	Fair value	Value of investment as a percentage of NAV
Saudi basic Industries	266,381	7.36%
Al Rajhi Bank	186,703	5.16%
Yanbu National Petrochemicals	148,239	4.09%
Rabigh Refining and Petrochemicals	145,652	4.02%
Samba Financial Group	142,939	3.95%
Bupa Arabia for cooperative	138,610	3.83%
Saudi Industrial Investment Group	109,860	3.03%
Alinma Bank	109,828	3.03%
Saudi Telecom	109,368	3.02%
United International Transportation	107,002	2.96%

31 December 2013 (audited)

	Fair value	Value of investment as a percentage of NAV
Saudi basic Industries	245,458	8.86%
Al Rajhi Bank	231,882	8.37%
Etihad Etisalat	214,778	7.75%
Riyad Bank	182,424	6.58%
Samba Financial Group	156,562	5.65%
Saudi Chemical	152,038	5.49%
Saudi Pharmaceutical Industries	145,542	5.25%
Banque Saudi Fransi	139,626	5.04%
Saudi British Bank	137,606	4.97%
Arab National Bank	137,598	4.97%

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:

	30 June 2014 (reviewed)	31 December 2013 (audited)
Due to related parties		
Accrued management fees	14,339	10,909

Transactions with related parties

- Management fees, calculated at 1.5% per annum accrued on weekly net assets of the Fund, is payable to the Fund Manager. The management fees for the six-months period ended 30 June 2014 amounted to BD 25,453 (30 June 2013: BD 18,622).
- At the statement of financial position date, the Fund Manager holds 356,004 units – 61.81 % (31 December 2013: 356,004 – 70.35%) in the Fund with corresponding NAV value of BD 2,237,841 (31 December 2013: 1,948,766).

6. Financial instruments

Measurement of fair values

When measuring fair value of an asset or a liability, the Fund uses market observable date as far as possible. Fair values are categorized 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).

6. Financial instruments (continued)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognizes 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 categorized:

	Level 1	Level 2	Level 3	Total
30 June 2014 (reviewed)				
Investments at fair value through profit or loss	3,513,079	-	-	3,513,079
	3,513,079	-	-	3,513,079
31 December 2013 (audited)				
Investments at fair value through profit or loss	2,655,177	-	-	2,655,177
	2,655,177	-	-	2,655,177

During the period / year, 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.