

SICO KINGDOM EQUITY FUND

31 DECEMBER 2013

FINANCIAL STATEMENTS

Fund Manager/ Sponsor/ 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 (w.e.f 26 August 2013) Samir Sami Anthony Mallis (resigned 13 March 2014) Shakeel Sarwar (resigned January 2013)
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 P O Box 710, Manama, Kingdom of Bahrain

SICO Kingdom Equity Fund

**FINANCIAL STATEMENT
for the year ended 31 December 2013**

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SICO Kingdom Equity Fund

DIRECTOR'S REPORT for the year ended 31 December 2013

Bahraini dinars

Dear Unit holders,

Following is the performance of SICO Kingdom Equity Fund (the "Fund") for the year ended 31 December 2013.


	2013 BHD	2012 BHD
Net increase in net assets	745,225	190,314
Net assets attributable to holders of redeemable units as at 31 December	2,770,320	2,043,348
Net asset value (NAV) per unit as at 31 December	5.474	4.113

Representations and audit

We have maintained proper and complete accounting records and these, together with all other information and explanation, have been freely available to the auditors KPMG.

There have been no events subsequent to 31 December 2013, which would in any way invalidate the financial statements on pages 3 to 18.

On behalf of the board,


Samir Sami
Director


Najla Al Shirawi
Director

30 April 2014



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**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS
SICO Kingdom Equity Fund
Kingdom of Bahrain**

30 April 2014

Report on the financial statements

We have audited the accompanying financial statements of SICO Kingdom Equity Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors for the financial statements

The board of directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2013, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by Volume 7 of the Central bank of Bahrain Rulebook relating to Collective Investment Undertakings (the "Rulebook"), we report that the Fund has maintained proper accounting records, the financial statements are in agreement therewith and we are not aware of any violations of the Rulebook having occurred during the year that might have had a material adverse effect on the business of the Fund or on its financial position.


SICO Kingdom Equity Fund

STATEMENT FINANCIAL POSITION
as at 31 December 2013

Bahraini dinars

	Note	31 December 2013	31 December 2012
Assets			
Cash and cash equivalents		92,806	18,953
Other receivables		37,703	-
Investments at fair value through profit or loss	7	2,655,177	2,036,218
Total assets		2,785,686	2,055,171
Liabilities			
Other payables	4	15,366	11,823
		15,366	11,823
Equity			
Unit capital	5	1,907,917	1,872,939
Unit deficit		(83,049)	(29,818)
Retained earnings		945,452	200,227
Total equity		2,770,320	2,043,348
Total liabilities and equity		2,785,686	2,055,171
Net Asset Value ("NAV") per unit at book value based on 506,079 units (31 December 2012: 496,801) outstanding	6	5.474	4.113


Samir Sami
Director


Najla Al Shirawi
Director


The financial statement consisting of pages 3 to 18 were approved by the Board of Directors on 30 April 2014.


SICO Kingdom Equity Fund

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2013

Bahraini dinars

		2013	2012
Net gain from investments at fair value through profit or loss		697,318	146,347
Dividend income		107,334	93,985
Other income		2,623	2,694
Total income		807,275	243,026
Management fees	8	40,720	34,612
Custody and administration fees	9	12,560	12,057
Registrar fees		1,602	1,602
Audit fees		4,500	2,200
Transaction costs		2,000	2,000
Other operating expenses		668	241
Total expenses		62,050	52,712
Profit for the year		745,225	190,314
Other comprehensive income		-	-
Total comprehensive income for the year		745,225	190,314


Samir Sami
Director


Najla Al Shirawi
Director

The financial statement consisting of pages 3 to 18 were approved by the Board of Directors on 30 April 2014.

SICO Kingdom Equity Fund

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

Bahraini dinars

	Number of units	Unit capital	Unit deficit	Retained earnings	Total
2013					
Balance at 1 January 2013	496,801	1,872,939	(29,818)	200,227	2,043,348
Comprehensive income Profit for the year	-	-	-	745,225	745,225
Total comprehensive income for the year	-	-	-	745,225	745,225
Issue of units during the year	148,005	557,979	158,946	-	716,925
Redemption of units during the year	(138,727)	(523,001)	(212,177)	-	(735,178)
Balance at 31 December 2013	506,079	1,907,917	(83,049)	945,452	2,770,320
2012					
Balance at 1 January 2012	579,755	2,185,676	4,155	9,913	2,199,744
Comprehensive income Profit for the year	-	-	-	190,314	190,314
Total comprehensive income for the year	-	-	-	190,314	190,314
Issue of units during the year	212,054	799,443	86,491	-	885,934
Redemption of units during the year	(295,008)	(1,112,180)	(120,464)	-	(1,232,644)
Balance at 31 December 2012	496,801	1,872,939	(29,818)	200,227	2,043,348

The financial statements consist of pages 3 to 18.

SICO Kingdom Equity Fund

STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

Bahraini dinars

	2013	2012
Operating activities		
Increase in net assets attributable to unitholders	745,225	190,314
<i>Adjustments for:</i>		
(Increase) / decrease in investments at fair value through profit or loss	(618,959)	99,104
(Increase) / decrease in prepayments and other receivable	(37,703)	2,875
Increase / (decrease) in payables and other liabilities	3,543	(12,321)
Net cash generated from operating activities	92,106	279,972
Financing activities		
Subscription of units during the year	716,925	885,934
Redemption of units during the year	(735,178)	(1,232,644)
Net cash used in financing activities	(18,253)	(346,710)
Net increase / (decrease) in cash and cash equivalents	73,853	(66,738)
Cash and cash equivalents at 1 January	18,953	85,691
Cash and cash equivalents at 31 December	92,806	18,953

The financial statements consist of pages 3 to 18.

1. Reporting entity

SICO Kingdom Equity Fund (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. 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 financial statement information relates to SICO Kingdom Equity Fund only.

2. Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS").

b) Basis of measurement

The financial statements are prepared on the historical cost basis except for investments that are measured at fair value through profit or loss.

c) Functional and presentation currency

The financial statements are prepared in Bahrain Dinars (BHD), which is the functional and presentation currency of the Fund.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both the current and future periods and in any future periods affected. Actual results may differ from these estimates.

2. *Basis of preparation (continued)*

d) **Use of estimates and judgments (continued)**

Information about significant areas of uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

Critical accounting judgements, estimates and assumptions in applying accounting policies

Management makes judgements, estimates and assumptions in the application of accounting policies concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(i) **Functional and presentation currency**

Functional currency is the currency of the primary economic environment in which the Fund operates. When indicators of the primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Fund's units are denominated in Bahrain Dinars (BHD).

(ii) **Classification of investments**

Management designates all its investments as trading investments.

e) **New Standards and interpretations issued but not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing the financial statements. None of these is expected to have a significant effect on the financial statements of the Fund.

3. **Significant accounting policies**

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

a) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks.

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 equity 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 profit or loss.

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.

3. *Significant accounting policies (continued)*

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.

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.

Change in accounting policies

The Fund has adopted the IFRS 13 - Fair Value Measurement with effective from 1 January 2013.

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 *Financial Instruments: Disclosures*.

3. Significant accounting policies (continued)

Some of these disclosures are specifically required in financial statements for financial instruments; accordingly, the Fund has included additional disclosures in this regard (see note 10).

In accordance with the transitional provisions of IFRS 13, the Fund has applied the new fair value measurement guidance prospectively. This change had no significant impact on the measurements of the Fund's assets and liabilities.

4. Other payables

	31 December 2013	31 December 2012
Management fees	10,909	8,286
Custodian and administrator's fees	830	804
Other accruals	3,627	2,733
	15,366	11,823

5. Unit capital

As at 31 December 2013, the issued and paid up unit capital of the fund was BHD 1,907,917 (2012: USD 1,872,939) divided into 506,079 units (2012: 496,801 units) of BHD3.77 each.

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

6. Net Asset Value per unit

	NAV	No. of units	NAVperunit
2013	2,770,320	506,079	5.474
2012	2,043,348	496,801	4.113
2011	2,199,744	579,755	3.794

	Highest redemption price	Lowest redemption price
2013	5.332	5.295
2012	4.327	4.051
2011	-	-

7. 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 closing price as at the reporting date.

7. Investments at fair value through profit or loss (continued)

Movements during the year:

	31 December 2013	31 December 2012
Opening balance	2,036,218	2,135,322
Additions during the year	2,054,572	2,022,749
Disposals during the year	(2,135,195)	(2,193,608)
Change in fair value of investments at fair value through profit or loss	699,582	71,755
Closing balance	2,655,177	2,036,218

The Fund held investments in the following economic sectors:

	31 December 2013		31 December 2012	
	Amount	%	Amount	%
<i>Investments in equity securities</i>				
Basic Materials	617,340	23.25	480,643	23.61
Industrials	389,159	14.66	184,822	9.08
Consumer Goods	80,895	3.05	139,942	6.87
Healthcare	145,542	5.48	144,398	7.09
Consumer Services	56,091	2.11	390,526	19.18
Telecommunications	214,778	8.09	152,792	7.50
Financials	1,151,372	43.36	543,095	26.67
	2,655,177	100.00	2,036,218	100.00

Details of top ten (10) investments in terms of market values are as follows:

31 December 2013

Description	Fair value	Value of investment as a percentage of the NAV
	Saudi Basic Industries	245,458
Al Rajhi Bank	231,882	8.37%
Etiihad 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%
	1,743,514	62.93%

7. Investments at fair value through profit or loss (continued)

31 December 2012	Fair value	Value of investment as a percentage of the NAV
Description		
Etihad Etisalat	152,792	7.48%
Al Rajhi Bank	124,144	6.08%
Saudi Basic Industries	122,696	6.00%
Arab National Bank	83,562	4.09%
Saudi Industrial Investment Group	83,554	4.09%
Samba Financial Group	82,003	4.01%
Saudi Chemical	80,879	3.96%
Saudi Arabian Mining	77,677	3.80%
Saudi Dairy & Foodstuff Company	77,669	3.80%
United Electronics	77,363	3.79%
	962,339	47.10%

8. Management fees

Securities and Investment Company IV B.S.C. (c) manages the Fund's operations for a fixed fee of 1.5% per annum accrued on weekly NAV. This fee is payable monthly in arrears.

9. Custodian fees and administrator fees

HSBC Bank Middle East Limited (Bahrain Branch) is the custodian and administrator of the Fund. A custodian fee not exceeding 0.30% of the NAV of Fund as of each dealing day subject to an annual minimum. The custodian fee accrues on weekly NAV and is payable on a monthly basis on the second business day of each calendar month.

An administration fee not exceeding 0.25% of the NAV of Fund as of each dealing day subject to a monthly minimum over and above a one-time inception fee of US\$ 3,000. The administration fee accrues on weekly NAV and is payable on a monthly basis on the second business day of each calendar month.

10. Performance fees

The Fund Manager is entitled to a performance fee that equals 10% of the amount over and above a hurdle rate of 10% for each financial year.

11. 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.

11. Related party balances and transactions (continued)

Balances and transactions with related parties were as follows:

	31 December 2013	31 December 2012
Due to related parties		
Accrued management fees	10,909	8,286

Transactions with related parties

- a) 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 year ended 31 December 2013 amounted to BD 40,720 (2012: BD 34,612).
- b) At the statement of financial position date, the Fund Manager holds 356,004 units – 70.35% (2012: 477,753 – 82%) in the fund with corresponding NAV value of BD 1,948,792 (2012: BD 2,375,311).

12. Financial instruments and management of risk**Financial instruments**

Financial instruments include financial assets and financial liabilities. A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Fund consist of cash and cash equivalents, investments held for trading and other receivables. Financial liabilities of the Fund consist of payables and other liabilities.

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

Risk management framework

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The Fund's risk management policies are based on a simplified framework with non-complex transactions to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of realisable and up-to-date information systems.

Risk management activities are carried out by the senior management under policies that are approved by the Company's Board of Directors. Management regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

12. *Financial instruments and management of risk (continued)*

The significant risks that the Fund is exposed to are explained below:

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the Fund to incur financial loss. The Fund's exposure to credit risk is primarily in respect of cash and cash equivalents and other assets.

The carrying amount of financial assets best represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2013	31 December 2012
Cash and cash equivalents	92,806	18,953
	92,806	18,953

Credit risk on cash and cash equivalents is limited since these are maintained with banks and financial institutions having high credit ratings.

In accordance with the Fund's policy, the Fund Manager monitors the Fund's credit position on a periodic basis. None of the credit exposures are past due or impaired as at 31 December 2013.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is made by the custodian only on receipt of payment from the broker. Payment is made by the custodian for the purchase of securities only on receipt of security from the broker. The trade will fail if either party fails to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, interest rates, and foreign exchange rates will affect the Fund's income or the value of its holdings of financial instruments. The Fund's investments at fair value through profit or loss and available-for-sale investments are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Prospectus, the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aim to reduce market risk. The Fund's overall market positions are monitored on a daily basis by the Fund Manager.

i. Equity price risk

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market.

The Fund's investments in quoted equity are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Prospectus, the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aims to reduce market risk.

Equity price risk is managed by the Fund Manager through the diversification of its investment position among selected sectors of the market. The Fund adheres to the limits set by the Fund Manager in respect of diversification of the investment portfolio. The Fund also manages its risk by ensuring that investments are made only after an appropriate evaluation and due diligence of the issuer of the investment securities.

12. Financial instruments and management of risk (continued)

The concentration of the Fund by geographical location is given below:

Market indices	31 December 2013	31 December 2012
Saudi Arabia	2,655,177	2,036,218

The sensitivity of financial assets exposed to equity price risk were as follows:

Market indices	31 December 2013			31 December 2012		
	Change in market index %	Effect on equity	Effect on profit or loss	Change in market index %	Effect on equity	Effect on profit
Saudi Arabia	5	77,092	77,092	5	56,825	56,825

The sensitivity analysis presented is based upon the portfolio composition as at the reporting date and the historical correlation of the securities comprising the portfolio to the respective indices. The composition of the Fund's investment portfolio and the correlation thereof to the respective indices is expected to change over time. The sensitivity analysis prepared as of 31 December is not necessarily indicative of the effect on the Company's profit or loss or its equity of future movements in the level of the respective indices.

ii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments, which potentially subject the Fund to interest rate risk, consist principally of cash and cash equivalents. The Fund's call deposits, which are short-term in nature, yield interest at commercial rates. Therefore, the Fund believes there is minimal risk of significant losses due to interest rate fluctuations.

As at the reporting date, the Fund does not hold interest bearing financial instrument.

iii. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2013, the Fund holds 100% (2012: 100%) of its assets in foreign currency denominated assets, which are in currencies other than the functional currency of the Fund. Since the value of the equities denominated in other currencies will fluctuate due to changes in exchange rates, the Fund is therefore exposed to currency risk. The Fund's currency risk is managed on a daily basis by the Fund Manager in accordance with the policies and procedures in place.

Currencies of Gulf Cooperation Council (GCC) (other than Kuwaiti Dinar) are effectively pegged to the US Dollar and hence the Fund's exposure to foreign exchange risk on these currencies is limited.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

12. Financial instruments and management of risk (continued)

The Fund is exposed to the weekly cash redemptions of redeemable units. Its policy is therefore to invest its assets in investments that are traded in an active market and can be readily disposed.

The Fund's securities are considered readily realisable as they are listed on stock exchanges.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-12 months	Total
2013			
Liabilities			
Current liabilities			
Payables and other liabilities	830	14,536	15,366
Liabilities (excluding net assets attributable to holders of redeemable units)	830	14,536	15,366
Net assets attributable to holders of redeemable units	2,770,320	-	2,770,320
	2,771,150	14,536	2,785,686
2012			
Liabilities			
Current liabilities			
Payables and other liabilities	804	11,019	11,823
Liabilities (excluding net assets attributable to holders of redeemable units)	804	11,019	11,823
Net assets attributable to holders of redeemable units	2,043,348	-	2,043,348
	2,044,152	11,019	2,055,171

Redeemable units are redeemed on demand at the holders' option. However, the Company's Board of Directors does not envisage that the contractual maturity disclosed in the table above will be representative of actual cash outflows, as the holders of these instruments typically retain them for the medium to long term.

The Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 1 month. Accordingly, all the Fund's financial assets are realizable within a maximum period of one month.

13. Classification and fair values of financial instruments

a) Classification of financial assets and liabilities

The details of classification of financial assets and liabilities held by the Fund at the reporting date are as follows:

	31 December 2013 Carrying amount	31 December 2012 Carrying amount
Investments at fair value through profit or loss	2,655,177	2,036,218
Loans and receivables	130,509	18,953
Others at amortized cost	(15,366)	(11,823)
	2,770,320	2,043,348

13. Classification and fair values of financial instruments (continued)

Loans and receivables presented above represent cash and cash equivalents and other receivables.

Others at amortized cost represent other payables.

b) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

i. Valuation models

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or broker price quotations. For all other financial instruments, the Fund determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. 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 than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which 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 prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

ii. Valuation framework

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management and reports to the board of directors, who have overall responsibility for fair value measurements.

iii. Financial assets and liabilities measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

13. Classification and fair values of financial instruments (continued)

		Level 1	Level 2	Level 3	Total
31 December 2013					
Investments at fair value					
through profit or loss		2,655,177	-	-	2,655,177
		2,655,177	-	-	2,655,177
31 December 2012					
Investments at fair value					
through profit or loss		2,036,218	-	-	2,036,218
		2,036,218	-	-	2,036,218

There were no transfers between levels of the fair value hierarchy during the year.

iv. Financial instruments not measured at fair value

The fair value of Fund's other financial assets and liabilities approximate their carrying values because of their short term nature.