

## **SICO KINGDOM EQUITY FUND**

### **CONDENSED INTERIM FINANCIAL INFORMATION 30 June 2015**

Fund Manager, Operator and Placement agent	Securities & Investment Company B.S.C. (c) P.O. Box 1331, Manama, Kingdom of Bahrain
Administrator	HSBC Bank Middle East Limited , Bahrain P.O. Box 57, Manama, Kingdom of Bahrain
Registrar	APEX Funds Services Bahrain WLL P.O. Box 10405, Manama, Kingdom of Bahrain
Directors	Najla Mohammed Qassim Alshirawi Amal Ahmed Yusuf Alnaser Anantha Narayan
Fund Company	SICO Funds Company IV B.S.C. (c) P.O. Box 1331, Manama, Kingdom of Bahrain
Registered office	SICO Funds Company IV B.S.C. (c) P.O. Box 1331, Manama, Kingdom of Bahrain
Custodian	HSBC Bank Middle East Limited , Bahrain P.O. Box 57, Manama, Kingdom of Bahrain
Auditor	KPMG Fakhro Jalil Al A'ali, <i>Partner</i> P.O. Box 710, Manama, Kingdom of Bahrain

**SICO Kingdom Equity Fund**

**CONDENSED INTERIM FINANCIAL INFORMATION  
for the six-month period ended 30 June 2015**

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<b><i>Contents</i></b>	<b><i>Page</i></b>
Independent auditors' report on review of condensed interim financial information	1
<b>Condensed interim financial information</b>	
Condensed statement of financial position	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of changes in equity	4
Condensed statement of cash flows	5
Notes to the condensed interim financial information	6 – 10



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

The Unit Holders  
SICO Kingdom Equity Fund  
Kingdom of Bahrain

30 August 2015

### **Introduction**

We have reviewed the accompanying 30 June 2015 condensed interim financial information of SICO Kingdom Equity Fund (the "Fund"), a fund established by SICO Funds Company IV B.S.C. (c), which comprises:

- the condensed statement of financial position as at 30 June 2015;
- the condensed statement of profit or loss and comprehensive income for the six-month period ended 30 June 2015;
- the condensed statement of changes in equity for the six-month period ended 30 June 2015;
- the condensed statement of cash flows for the six-month period ended 30 June 2015; and
- notes to the condensed interim financial information.

The Board of directors of the Company 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 2015 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 2015

Bahraini dinars

	Note	30 June 2015 (reviewed)	31 December 2014 (audited)
<b>Assets</b>			
Cash and cash equivalents		258,055	28,364
Investments at fair value through profit or loss	4	3,790,409	3,370,327
Dividend receivables		2,815	-
Other receivables		4	1,272
<b>Total assets</b>		<b>4,051,283</b>	<b>3,399,963</b>
<b>Liabilities</b>			
Payables and other liabilities		19,267	21,681
		<b>19,267</b>	<b>21,681</b>
<b>Equity</b>			
Unit capital		2,215,343	2,136,584
Unit surplus		90,016	27,902
Retained earnings		1,726,657	1,213,796
<b>Total equity</b>		<b>4,032,016</b>	<b>3,378,282</b>
<b>Total liabilities and equity</b>		<b>4,051,283</b>	<b>3,399,963</b>
Net Asset Value ("NAV") per unit at book value based on 587,624 units (31 December 2014: 566,733) units outstanding		6.862	5.961



Anantha Narayanan  
Director



Najla Al Shirawi  
Director

The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of directors on 30 August 2015.

**SICO Kingdom Equity Fund**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the six-month period ended 30 June 2015

Bahraini dinars

	Note	Six months ended 30 June 2015 (reviewed)	Six months ended 30 June 2014 (reviewed)
Net change in fair value of investments at fair value through profit or loss	4	491,307	405,889
Dividend income		58,939	75,083
Other income		9,509	3,244
Foreign exchange loss		(1,554)	(1,276)
<b>Total income</b>		<b>558,201</b>	<b>482,940</b>
Management fees	5a	28,897	25,453
Custody and administration fees		7,510	7,244
General and administrative expenses		153	87
Audit fees		2,232	2,232
Registrar fees		795	795
Fees and commission		1,553	1,478
Other operating expenses		4,200	-
<b>Total expenses</b>		<b>45,340</b>	<b>37,289</b>
<b>Profit for the period</b>		<b>512,861</b>	<b>445,651</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>512,861</b>	<b>445,651</b>



Anantha Narayanan  
Director



Najla Al Shirawi  
Director

The condensed interim financial information consisting of pages 2 to 9 were approved by the Board of Directors on 30 August 2015.

SICO Kingdom Equity Fund

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the six-month period ended 30 June 2015

Bahraini dinars

	Number of units	Unit capital	Unit surplus	Retained earnings	Total
<b>2015 (reviewed)</b>					
<b>Balance at 1 January 2015</b>	566,733	2,136,584	27,902	1,213,796	3,378,282
Total comprehensive income for the period	-	-	-	512,861	512,861
Issue of units during the period	32,867	123,909	102,283	-	226,192
Redemption of units during the period	(11,976)	(45,150)	(40,169)	-	(85,319)
<b>Balance at 30 June 2015</b>	<b>587,624</b>	<b>2,215,343</b>	<b>90,016</b>	<b>1,726,657</b>	<b>4,032,016</b>
<b>2014 (reviewed)</b>					
<b>Balance at 1 January 2014</b>	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)
<b>Balance at 30 June 2014</b>	<b>575,945</b>	<b>2,171,310</b>	<b>57,795</b>	<b>1,391,103</b>	<b>3,620,208</b>

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 2015

Bahraini dinars

	<b>Six months ended 30 June 2015 (reviewed)</b>	<b>Six months ended 30 June 2014 (reviewed)</b>
<b>Cash flows from operating activities</b>		
Profit for the period	512,861	445,651
<i>Adjustments for:</i>		
Increase in investments at fair value through profit or loss	(420,082)	(857,902)
Increase in dividend receivables	(2,815)	(1,847)
Decrease in other receivables	1,268	37,699
(Decrease) / increase in payables and other liabilities	(2,414)	5,450
<b>Net cash generated from / (used in) operating activities</b>	<b>88,818</b>	<b>(370,949)</b>
<b>Cash flows from financing activities</b>		
Subscription of units during the period	226,192	524,847
Redemption of units during the period	(85,319)	(120,610)
<b>Net cash generated from financing activities</b>	<b>140,873</b>	<b>404,237</b>
<b>Net increase in cash and cash equivalents</b>	<b>229,691</b>	<b>33,288</b>
Cash and cash equivalents at beginning of the period	28,364	92,806
<b>Cash and cash equivalents at end of the period</b>	<b>258,055</b>	<b>126,094</b>

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

## SICO Kingdom Equity Fund

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION for the six-month period ended 30 June 2015

Bahraini dinars

#### 1. Reporting entity

SICO Kingdom Equity Fund ("SKEF" or the "Fund") is an open ended fund launched by 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 Volume 7 of the CBB Rule Book. Although the Fund's units are listed on the Bahrain Bourse, all unit transactions are carried out directly 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 2014. 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 2014.

b) The condensed interim financial information for the six-month period ended 30 June 2015 is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the 31 December 2014 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 2014 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 2015, as reported in the condensed interim financial information, are not indicative of the results that may be expected for the year ending 31 December 2015.

##### 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.



**SICO Kingdom Equity Fund**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the six-month period ended 30 June 2015**

Bahraini dinars

**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 2014.

**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 2014.

**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 2014.

**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 in portfolio investments**

	<b>30 June 2015 (reviewed)</b>	<b>31 December 2014 (audited)</b>
Opening balance	3,370,327	2,655,177
Additions during the period / year	5,486,020	7,902,723
Disposals during the period / year	(5,557,245)	(7,415,688)
Change in fair value of investments at fair value through profit or loss	491,307	228,115
<b>Closing balance</b>	<b>3,790,409</b>	<b>3,370,327</b>

Details of the top ten securities are as follows:

**30 June 2015 (reviewed)**

	<b>Fair value</b>	<b>Value of investment as a percentage of NAV</b>
Mefic IPO Fund	372,675	9.24%
Saudi Dairy & Foodstuff Company	213,264	5.29%
Jarir Marketing	206,555	5.12%
National Commercial Bank	202,816	5.03%
Samba Financial Group	194,302	4.82%
Herfy Food Services	190,595	4.73%
Saudi Airlines Catering Co	187,666	4.65%
Bupa Arabia for Cooperative	139,879	3.47%
Al Mouwasat Medical Services	129,765	3.22%
Almarai	122,981	3.05%

**SICO Kingdom Equity Fund**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the six-month period ended 30 June 2015**

Bahraini dinars

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

31 December 2014 (audited)

	Fair value	Value of investment as a percentage of NAV
Samba Financial Group	187,693	5.56%
Al Mouwasat Medical Services	161,851	4.79%
Dallah Healthcare holding	150,103	4.44%
Al Rajhi Bank	134,392	3.98%
Jarir Marketing	121,332	3.59%
Abdul Mohsen Al-Hokair Group	119,373	3.53%
Arabian Cement	118,455	3.51%
Al Khaleej Training And Education	115,474	3.42%
Al Hammadi Development And Investment	114,881	3.40%
United International Transportation	110,125	3.26%

**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 2015 (reviewed)	31 December 2014 (audited)
<b>Due to related parties</b>		
Accrued management fees	<b>16,012</b>	15,388

**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 six-months period ended 30 June 2015 amounted to BD 28,897 (30 June 2014: BD 25,453).
- b) At the statement of financial position date, the Fund Manager holds 356,004 units – 60.6% (31 December 2014: 356,004 – 62.82%) in the fund with corresponding NAV value of BD 2,442,737 (31 December 2014: 2,122,128).

**6. Financial instruments****Measurement of fair values**

When measuring fair value of an asset or a liability, the Fund uses observable data 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).
- 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
<b>30 June 2015 (reviewed)</b>				
Investments at fair value through profit or loss	3,790,409	-	-	3,790,409
	<b>3,790,409</b>	<b>-</b>	<b>-</b>	<b>3,790,409</b>
<b>31 December 2014 (audited)</b>				
Investments at fair value through profit or loss	3,370,327	-	-	3,370,327
	<b>3,370,327</b>	<b>-</b>	<b>-</b>	<b>3,370,327</b>

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.

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

**SICO Kingdom Equity Fund**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the six-month period ended 30 June 2015**

Bahraini dinars

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**7. Subsequent events**

Subsequent to 30 June 2015, the NAV of the fund have decreased by 9% from BD 4,051,283 as of June 2015 to BD 3,699,148 as of 27 August 2015.