

**SECURITIES AND INVESTMENT  
COMPANY BSC (c)**

**INTERIM FINANCIAL INFORMATION  
30 JUNE 2010**

Commercial registration	:	33469
Board of Directors	:	<p>Shaikh Mohammed Bin Isa Al Khalifa, <i>Chairman</i></p> <p>Hussain Al Hussaini, <i>Vice Chairman of the Board and Chairman of the Executive Committee</i></p> <p>Sawsan Abul Hassan, <i>Director and Chairman of Audit Committee</i></p> <p>Anwar Abdulla Ghuloom, <i>Director and Member of Audit Committee</i></p> <p>Mahmoud Zewam, <i>Director and Member of Audit Committee</i></p> <p>Khalid Al Rumaihi, <i>Director and Member of the Executive Committee</i></p> <p>Mohammed Abdulla, <i>Director and Member of Executive Committee</i></p> <p>Meshary Al Judaimi, <i>Director</i></p>
Chief Executive Officer	:	Anthony C Mallis
Office	:	<p>1st &amp; 2nd Floor, BMB Centre</p> <p>PO Box 1331, Kingdom of Bahrain</p> <p>Telephone 17515000, Fax 17514000</p>
Bankers	:	Bank of Bahrain and Kuwait BSC
Auditors	:	KPMG

**Interim financial information for the six month period ended 30 June 2010**

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## **Independent Auditors' Report on Review of the Interim Financial Information**

11 August 2010

The Board of Directors  
Securities and Investment Company BSC (c)  
PO Box 1331  
Manama  
Kingdom of Bahrain

### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Securities and Investment Company BSC (C) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2010, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended (the "interim financial information"). The Board of Directors of the Bank is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Securities and Investment Company BSC (c)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2010

Bahraini Dinars '000

	<b>30 June 2010</b> (reviewed)	31 December 2009 (audited)
<b>Assets</b>		
Cash and bank balances	37,932	47,848
Treasury bills	280	280
Investments at fair value through profit or loss	10,201	6,260
Available-for-sale investments	17,261	19,867
Held-to-maturity investments	6,203	4,740
Fees receivable	389	660
Other assets	4,074	2,922
<b>Total assets</b>	<b>76,340</b>	<b>82,577</b>
<b>Liabilities</b>		
Short-term bank borrowings	6,111	1,131
Payables to customers	14,878	20,332
Deposits from customers	-	5,314
Other liabilities	2,181	2,046
<b>Total liabilities</b>	<b>23,170</b>	<b>28,823</b>
<b>Equity</b>		
Share capital	42,528	42,420
Statutory reserve	4,182	4,153
General reserve	1,359	1,051
Available-for-sale investments fair value reserve	87	154
Retained earnings	5,014	5,976
<b>Total equity (page 5)</b>	<b>53,170</b>	<b>53,754</b>
<b>Total liabilities and equity</b>	<b>76,340</b>	<b>82,577</b>
<b>Contingent and memorandum accounts</b>		
Securities under management custody	1,388,508	1,092,094
Funds under management	161,121	150,521
Commitments	7,263	1,212

Shaikh Mohammed Bin Isa Al Khalifa  
Chairman

Hussain Al Hussaini  
Vice Chairman of the Board  
Chairman of the Executive Committee

Anthony C. Mallis  
Chief Executive Officer

The Board of Directors approved the interim financial information consisting of pages 2 to 8 on 11 August 2010.

Securities and Investment Company BSC (c)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the six month period ended 30 June 2010

Bahraini Dinars '000

	Six months (January - June)		Three months (April – June)	
	2010 (reviewed)	2009 (reviewed)	2010 (reviewed)	2009 (reviewed)
Interest income	852	862	401	476
Interest expense	(18)	(15)	(13)	(6)
<b>Net interest income</b>	<b>834</b>	847	<b>388</b>	470
Net fee and commission income	1,059	1,003	546	582
Net investment income	1,016	(88)	96	344
Brokerage and other income	604	841	244	537
<b>Operating income</b>	<b>3,513</b>	2,603	<b>1,274</b>	1,933
Staff and related expenses	(1,476)	(1,245)	(743)	(607)
General, administrative and other operating expenses	(505)	(423)	(279)	(224)
<b>Profit for the period</b>	<b>1,532</b>	935	<b>252</b>	1,102
<b>Basic and diluted earnings per share (fils)</b>	<b>3.61</b>	2.21	<b>0.61</b>	2.60

Shaikh Mohammed Bin Isa Al Khalifa  
Chairman

Hussain Al Hussaini  
Vice Chairman of the Board  
Chairman of the Executive Committee

Anthony C. Mallis  
Chief Executive Officer

The Board of Directors approved the interim financial information consisting of pages 2 to 8 on 11 August 2010.

Securities and Investment Company BSC (c)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the six month period ended 30 June 2010

Bahraini Dinars '000

	Six months (January - June)		Three months (April – June)	
	2010 (reviewed)	2009 (reviewed)	2010 (reviewed)	2009 (reviewed)
<b>Profit for the period</b>	<b>1,532</b>	935	<b>252</b>	1,102
<b>Other comprehensive income</b>				
Fair value reserve (available-for-sale investments)				
- Net change in fair value	132	168	(930)	709
- Net amount transferred to income statement on disposal of securities	(199)	454	15	170
<b>Other comprehensive income for the period</b>	<b>(67)</b>	622	<b>(915)</b>	879
<b>Total comprehensive income for the period</b>	<b>1,465</b>	1,557	<b>(663)</b>	1,981

The interim financial information consists of pages 2 to 8.

Securities and Investment Company BSC (c)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six month period ended 30 June 2010

Bahraini Dinars '000

2010	Share capital	Statutory reserve	General reserve	Available-for-sale investments fair value reserve	Retained earnings	Total equity
As at 1 January 2010	42,420	4,153	1,051	154	5,976	53,754
2009 appropriations:						
- Dividends at 5%	-	-	-	-	(2,121)	(2,121)
- Director's remuneration	-	-	-	-	(65)	(65)
- Transfer to general reserve	-	-	308	-	(308)	-
- Issue of shares to employees' scheme	108	29	-	-	-	137
Balance after 2009 appropriations	<b>42,528</b>	<b>4,182</b>	<b>1,359</b>	<b>154</b>	<b>3,482</b>	<b>51,705</b>
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	1,532	1,532
Other Comprehensive income:						
Revaluation reserve (available-for-sale securities)						
Net Change in fair value	-	-	-	132	-	132
Net amount transferred to profit and loss	-	-	-	(199)	-	(199)
<b>Total Comprehensive income for the period</b>	-	-	-	<b>(67)</b>	<b>1,532</b>	<b>1,465</b>
<b>Balance at 30 June 2010</b>	<b>42,528</b>	<b>4,182</b>	<b>1,359</b>	<b>87</b>	<b>5,014</b>	<b>53,170</b>

2009

	Share capital	Statutory reserve	General reserve	Available-for-sale investments fair value reserve	Retained earnings	Total equity
As at 1 January 2009	42,346	3,832	1,028	(576)	3,229	49,859
2009 appropriations:						
- Transfer to general reserve	-	-	23	-	(23)	-
- Issue of shares to employees' scheme	74	13	-	-	-	87
Balance after 2009 appropriations	42,420	3,845	1,051	(576)	3,206	49,946
<b>Total comprehensive income for the period:</b>						
Profit for the period	-	-	-	-	935	935
Other Comprehensive income:						
Revaluation reserve (available-for-sale securities)						
Net Change in fair value	-	-	-	168	-	168
Net amount transferred to profit and loss	-	-	-	454	-	454
<b>Total Comprehensive income for the period</b>	-	-	-	622	935	1,557
<b>Balance at 30 June 2009</b>	42,420	3,845	1,051	46	4,141	51,503

The interim financial information consists of pages 2 to 9.



Securities and Investment Company BSC (c)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six month period ended 30 June 2010

Bahraini Dinars '000

	<b>30 June 2010 (reviewed)</b>	30 June 2009 (reviewed)
<b>Operating activities</b>		
Net interest received	917	703
Sale of investments at fair value through profit or loss	36,404	28,812
Purchase of investments at fair value through profit or loss	(39,977)	(27,359)
Sale of available-for-sale investments	15,550	4,156
Purchase of available-for-sale investments	(12,812)	(4,797)
Repayment of held-to-maturity investments	31	-
Purchase of held-to-maturity investments	(1,494)	(4,248)
Net (decrease)/ increase in payables to customers	(5,454)	(5,573)
Net (decrease)/ increase in deposits taken from customers	(5,314)	(6,383)
Dividends received	450	137
Brokerage and other fees received	848	2,579
Payments for staff and related expenses	(1,391)	(1,295)
Payments for general and administrative expenses	(457)	(395)
<b>Cash flows utilised in operating activities</b>	<b>(12,699)</b>	<b>(13,663)</b>
<b>Investing activities</b>		
Net capital expenditure on furniture and equipment	(11)	(64)
<b>Cash flows utilised in investing activities</b>	<b>(11)</b>	<b>(64)</b>
<b>Financing activities</b>		
Net proceeds from short-term bank borrowings	4,980	-
Dividend paid	(2,121)	-
Director's remuneration paid	(65)	-
<b>Cash flow from financing activities</b>	<b>2,794</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,916)</b>	<b>(13,727)</b>
Cash and cash equivalents at the beginning of the period	48,128	86,063
<b>Cash and cash equivalents at the end of the period</b>	<b>38,212</b>	<b>72,336</b>
Represented by:		
Cash and bank	7,364	6,040
Call deposits	3,508	3,025
Short-term placements with original maturities of 3 months or less	27,060	63,271
Treasury Bills	280	-
	<b>38,212</b>	<b>72,336</b>

The interim financial information consists of pages 2 to 9.

**Securities and Investment Company BSC (c)**

**NOTES TO THE INTERIM FINANCIAL INFORMATION  
for the six month period ended 30 June 2010**

Bahraini Dinars '000

**1. Basis of preparation**

This financial information is the reviewed interim financial information (the "interim financial information") of Securities and Investment Company BSC ©, a Bank registered in the Kingdom of Bahrain for the six months period ended 30 June 2010.

The interim financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which permits the interim financial information to be in summarised form.

The interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Bank for the year ended 31 December 2009, except for the changes arising from adoption of relevant revised IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2010. The adoption of these standards did not have an impact on the interim financial information. The interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2009.

The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2009 and the comparatives for the condensed statements of income, comprehensive income, cash flows and changes in equity have been extracted from the reviewed interim financial information for the six months period ended 30 June 2009.

**2. Appropriations**

At the annual general meeting for the year 2009 which was held on 18 March 2010, the following appropriations were approved and effected during the period: BD 2,121 cash dividend, BD 308 as a transfer to general reserve and BD 65 for directors' remuneration. Appropriations of net profit, if any are made only at the year end.

**3. Share based payments**

During the 1<sup>st</sup> quarter, period ending 31 March 2010, 1,086,598 shares of 100 fils each were issued under the employees share option plan for the year 2009. These shares were issued at the NAV of 126 fils per share as at 31 December 2009. Accordingly, the share capital increased by BD 108 to the extent of the nominal value of the shares of 100 fils each. The share premium of BD 29 relating to the issue of these shares at a premium of 26 fils per share has been credited to the statutory reserve.

**Securities and Investment Company BSC (c)**

**NOTES TO THE INTERIM FINANCIAL INFORMATION  
for the six month period ended 30 June 2010**

Bahraini Dinars '000

**4. Related parties**

The following are the related party transactions during the period. All these transactions are in the ordinary course of business and on normal commercial terms.

**Transactions with funds owned by the Subsidiary Company namely SICO Funds Company BSC (c), SICO Funds Company II BSC (c) and SICO Funds Company III BSC (c).**

	<b>Six months ended</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>
Fee Income	<b>364</b>	370

  

	<b>As at</b>	<b>As at</b>
	<b>30 June 2010</b>	<b>31 December 2009</b>
Other assets	<b>191</b>	194
Funds under management	<b>50,811</b>	47,190
Investments in own funds	<b>2,650</b>	1,506

**Transactions with shareholders**

	<b>Six months ended</b>	
	<b>30 June 2010</b>	<b>30 June 2009</b>
Fee Income	<b>135</b>	118

  

	<b>As at</b>	<b>As at</b>
	<b>30 June 2010</b>	<b>31 December 2009</b>
Funds under management	<b>33,241</b>	33,692
Deposits	<b>-</b>	3,518

The Group has banking relationships, makes deposits and placements and has unutilised credit facilities with certain of its shareholders that are local banks.