

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 March 2016**

Comprehensive investment services for the Bahrain and GCC securities market

Commercial registration : 33469

Board of Directors : Abdulla bin Khalifa Al Khalifa,
Chairman of the Board and Chairman of the Investment Committee

Hussain Al Hussaini,
Vice Chairman of the Board & Member of the Investment Committee

Prakash Mohan
Member of the Investment Committee

Mohammed Abdulla
Vice Chairman of Nominations, Remuneration &
Corporate Governance Committee

Mahmoud Zewam
Member of Nominations, Remuneration &
Corporate Governance Committee

Anwar Abdulla Ghuloom
Member of Audit Committee

Fahad Murad
Chairman of Nominations, Remuneration &
Corporate Governance Committee

Yousif Saleh Khalaf
Chairman of the Audit Committee

Waleed Al Braikan
Vice Chairman of the Audit Committee

Chief Executive Officer : Najla M. Al Shirawi

Office : BMB Centre
PO Box 1331, Kingdom of Bahrain
Telephone 17515000, Fax 17514000

Bankers : Bank of Bahrain and Kuwait BSC

Auditors : KPMG

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the period ended 31 March 2016

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Independent auditors' report on review of condensed consolidated interim financial information

10 May 2016

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

Introduction

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of Securities and Investment Company BSC (c) (the "Bank"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2016;
- the condensed consolidated statement of comprehensive income for the three month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2016;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2016; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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 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 31 March 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Fakhro
Partner Registration No. 137
10 May 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2016


Bahraini Dinars '000

	Note	31 March 2016 (reviewed)	31 December 2015 (audited)
ASSETS			
Cash and cash equivalents		63,477	60,974
Treasury bills		249	750
Investments at fair value through profit or loss	12	9,717	14,258
Available-for-sale investments	13	25,147	30,244
Held to-maturity-investments	14	6,434	-
Fees receivable		618	1,138
Other assets		4,298	3,968
Furniture, equipment and intangibles		1,412	1,435
Total assets		111,352	112,767
LIABILITIES AND EQUITY			
Liabilities			
Short-term bank borrowings		16,537	19,777
Customer accounts		33,702	28,805
Payable to other unit holders in consolidated funds		2,722	2,836
Other liabilities		2,656	2,910
Total liabilities		55,617	54,328
Equity			
Share capital		42,849	42,849
Shares under employee share incentive scheme		(1,599)	(1,599)
Statutory reserve		6,427	6,427
General reserve		3,217	3,217
Available-for-sale investments fair value reserve		(836)	(567)
Retained earnings		5,677	8,112
Total equity (page 5)		55,735	58,439
Total liabilities and equity		111,352	112,767


The Board of Directors approved the condensed consolidated interim financial information on 10 May 2016 and signed on its behalf by:



Abdulla Bin Khalifa Al Khalifa
Chairman



Hussain Al Hussaini
Vice Chairman of the Board



Najla M. Al Shirawi
Chief Executive Officer

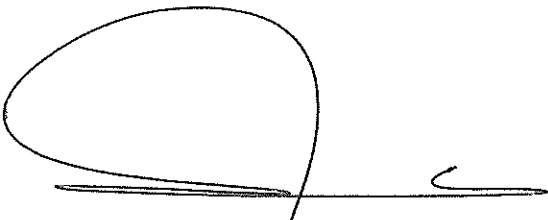
The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three months ended 31 March 2016

Bahraini Dinars '000


	Note	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Net investment income	15	(10)	1,567
Net fee and commission income		604	724
Brokerage and other income		519	545
Interest income		225	155
Total income		1,338	2,991
Staff and related expenses		957	1,044
Interest expense		10	22
Other operating expenses		412	410
Impairment of available-for-sale investments		381	-
Share of (loss) / profit of other unit holders in consolidated funds		(129)	107
Total expenses		1,631	1,583
(Loss) / profit for the period		(293)	1,408
Basic and diluted earnings per share (fils)		(0.68)	3.29



Abdulla Bin Khalifa Al Khalifa
Chairman



Hussain Al Hussaini
Vice Chairman of the Board



Najla M. Al Shirawi
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2016

Bahraini Dinars '000

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
(Loss) / profit for the period	(293)	1,408
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods:		
Fair value reserve (available-for-sale investments)		
- Net change in fair value	(924)	1,021
- Net amount transferred to income statement on sale / impairment	655	(767)
Total other comprehensive income for the period	(269)	254
Total comprehensive income for the period	(562)	1,662

The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2016

Bahraini Dinars '000

2016 (reviewed)

	Share capital	Shares under employee share incentive scheme	Statutory reserve	General reserve	Available-for-sale investments fair value reserve	Retained earnings	Total equity
Balance at 1 January 2016	42,849	(1,599)	6,427	3,217	(567)	8,112	58,439
- Transfer to general reserve	-	-	-	-	-	-	-
Comprehensive income for the period:							
(Loss) for the period	-	-	-	-	-	(293)	(293)
Other comprehensive income:							
Fair value reserve (available-for-sale investments):	-	-	-	-	(924)	-	(924)
Net change in fair value	-	-	-	-	655	-	655
Net amount transferred to profit or loss on sale / impairment	-	-	-	-	(269)	-	(269)
Total other comprehensive income for the period					(269)		(269)
Transaction with owners recognized directly in equity:							
- Dividends declared for 2015	-	-	-	-	-	(2,142)	(2,142)
Balance at 31 March 2016	42,849	(1,599)	6,427	3,217	(836)	5,677	55,735

The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2016 (continued)

Bahraini Dinars '000

2015 (reviewed)	Share capital	Shares under employee share incentive scheme	Statutory reserve	General reserve	Available-for-sale investments fair value reserve	Retained earnings	Total equity
Balance at 1 January 2015	42,849	(1,599)	6,142	2,642	1,118	9,946	61,098
- Transfer to general reserve	-	-	-	575	-	(575)	-
Comprehensive income for the period:							
Profit for the period	-	-	-	-	-	1,408	1,408
Other comprehensive income:							
Fair value reserve (available-for-sale investments):							
Net change in fair value	-	-	-	-	1,021	-	1,021
Net amount transferred to profit or loss on sale / impairment	-	-	-	-	(767)	-	(767)
Total other comprehensive income	-	-	-	-	254	-	254
Total comprehensive income for the period	-	-	-	-	254	1,408	1,662
Transaction with owners recognized directly in equity:							
- Dividends declared for 2014	-	-	-	-	-	(3,856)	(3,856)
Balance at 31 March 2015	42,849	(1,599)	6,142	3,217	1,372	6,923	58,904

The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2016

Bahraini Dinars '000

	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Operating activities		
Net interest received	332	223
Sale of investments at fair value through profit or loss	9,254	16,634
Purchase of investments at fair value through profit or loss	(5,014)	(14,601)
Sale of available-for-sale investments	3,201	9,906
Purchase of available-for-sale investments	(4,338)	(13,854)
Purchase of Held to-maturity-investments	(1,121)	-
Purchase of treasury bills	501	-
Net increase in customer accounts	4,897	2,403
Dividends received	328	332
Movement in brokerage accounts and other receivables	1,442	(4,805)
Payments for staff and related expenses	(1,189)	(750)
Payments for other operating expenses	(374)	86
Net cash from / (used in) operating activities	7,919	(4,426)
Investing activities		
Net capital expenditure on furniture and equipment	(34)	-
Net cash (used in) investing activities	(34)	-
Financing activities		
Net proceeds from / (repayment of) short-term bank borrowings	(3,240)	2,999
Net proceeds from / (payment on) issue / (redemption) of units	-	91
Dividends paid	(2,142)	-
Distribution to other unit holders in consolidated fund	-	(15)
Net cash (used in) / from financing activities	(5,382)	3,075
Net increase / (decrease) in cash and cash equivalents	2,503	(1,351)
Cash and cash equivalents at the beginning of the period	60,974	61,427
Cash and cash equivalents at the end of the period	63,477	60,076

The accompanying notes 1 to 18 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

Bahraini Dinars '000

1. Reporting entity

This condensed financial information is the reviewed condensed consolidated interim financial information (the "condensed consolidated interim financial information") of Securities and Investment Company BSC (c) (the "Bank") and its subsidiaries (the "Group"). The Bank operates under an investment banking license issued by the Central Bank of Bahrain.

2. Basis of preparation

The condensed consolidated 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 condensed consolidated 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 Group for the year ended 31 December 2015. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

3. Accounting policies

The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the Groups' audited annual financial statements for the year ended 31 December 2015 except for the adoption of new standards and interpretations effective 1 January 2015. The adoption of these standards did not have a significant impact on the condensed consolidated interim financial information.

4. The condensed consolidated interim financial information is reviewed, not audited.

5. Estimates

The preparation of the condensed consolidated interim financial information requires management to make judgements, 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 these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group'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 2015.

6. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements and they should be read in conjunction with the Group's audited annual financial statements for the year ended 31 December 2015. There have been no changes in the risk management department or in any risk management policies since 31 December 2015.

7. Operating segments

The Group's lines of business are brokerage, asset management, corporate finance, market making and custody business. At present the Group's revenue is reviewed by lines of business and the expenses and results are reviewed at Group level. Accordingly there are no reportable segments.

8. Cyclicity

Due to nature of the Bank's business, the three months' results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

Bahraini Dinars '000

9. Appropriations

At the shareholders Annual General Meeting for the year 2015 on 21 March 2016, the shareholders resolved to make the appropriations of the profit for the year ended 31 December 2015 which were effected during the quarter. These include cash dividend of BD 2,142 representing 5% of paid up capital.

10. Shares under employee share incentive scheme

The Group operates Employee Share Incentive Scheme ("the Scheme") through a Trust. The Trust has been set up by the transfer of shares of the Bank allotted to the employees under the Scheme. The shares under the Scheme are treated as Treasury Shares and deducted from equity. Under the Scheme, employees are entitled to receive a portion of their performance bonus and compensation in the form of share based awards ("awards"). The fair value of the awards is determined based on the net book value at the grant date. For accounting purposes and in accordance with IFRS 2 "Share Based Payments", the Scheme is treated as a cash-settled share based payment as the employees eventually receive a cash settlement on resignation or retirement, subject to service conditions adjustment of the scheme.

11. Contingent and memorandum accounts

	As at 31 March 2016	As at 31 December 2015
Assets under custody	1,653,326	1,696,650
Assets under management	335,157	332,339
Commitments	106	106

12. Investments at fair value through profit or loss

	As at 31 March 2016	As at 31 December 2015
Equity securities – quoted (listed)		
- Consolidated funds	2,256	3,050
- Parent	1,293	2,201
Funds – quoted	-	286
Debt securities		
- Parent (quoted)	2,497	5,299
- Consolidated funds (quoted)	3,440	3,189
Consolidated funds (Unquoted)	231	233
	9,717	14,258

13. Available-for-sale investments

	As at 31 March 2016	As at 31 December 2015
Equity securities		
- Quoted (listed)	4,546	5,356
- Unquoted	322	322
	4,868	5,678
Funds		
- Quoted	6,067	7,417
- Unquoted	5,711	4,632
	11,778	12,049
Debt securities		
-Quoted	7,355	11,357
-Unquoted	1,146	1,160
	8,501	12,517
	25,147	30,244

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

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14. Reclassifications out of available-for-sale investment securities

Effective from 1 Jan 2016, the Bank has reclassified certain available-for-sale investments in debt securities to the held to maturity investments category. The Bank identified financial assets that would have met the definition of held-to-maturity investments (if they had not been designated as available-for-sale) for which at the date of reclassification it had the intention and ability to hold them until maturity. On the date of reclassification the fair value of these investments was BD 5,217. Held-to-maturity investments had a fair value of BD 6,349 as at 31 March 2016.

15. Net investment income

	Three months ended	
	31 March 2016	31 March 2015
Net (loss)/Gain from investments at fair value through profit or loss	(308)	244
(Loss)/Gain on sale of available-for-sale investments	(286)	767
Interest Income from debt Instruments	256	224
Dividend income on investments carried at fair value through profit or loss	51	98
Dividend income on available-for-sale investments	277	234
	(10)	1,567

Gain from investments at fair value through profit or loss comprises the following:

	Three months ended	
	31 March 2016	31 March 2015
Realized (loss) / gain	(536)	175
Unrealized gain	228	69
	(308)	244

The realized gain from investments at fair value through profit or loss represents the difference between the carrying amount of investments at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its sale or settlement price.

The unrealized gain represents the difference between the carrying amount of investments at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the period.

Securities and Investment Company BSC (c)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016**

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16. 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 Companies namely SICO Funds Company BSC (c), SICO Funds Company III BSC (c), SICO Funds Company IV BSC (c), SICO Funds Company VI BSC (c), SICO Funds Company VII BSC (c) and SICO Ventures Company SPC as follows:

	Three months ended	
	31 March 2016	31 March 2015
Fee income	77	137

	As at 31 March 2016	As at 31 December 2015
	Fee receivable	78
Funds under management	20,952	28,621
Investments in own funds	1,088	1,150

Transactions with shareholders

	Three months ended	
	31 March 2016	31 March 2015
Fee income	89	120

	As at 31 March 2016	As at 31 December 2015
	Fee receivable	80
Funds under management	51,879	55,361

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

Bahraini Dinars '000

17. Fair value

- (i) Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 March 2016:

	31 March 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Held-to-maturity investments	6,434	6,349	-	-
Investments at fair value through profit or loss	9,717	9,717	14,258	14,258
Available-for-sale investments	25,147	25,147	30,244	30,244
Total assets	41,298	41,213	44,502	44,502
Liabilities				
Short-term bank borrowings	16,537	16,537	19,777	19,777
Payable to unit holders	2,722	2,722	2,836	2,836
Total liabilities	19,259	19,259	22,613	22,613

All Available-for-sale investment, investments at fair value through profit or loss are carried at fair value. Held to maturity investments are carried at amortized cost.

- (ii) Fair value hierarchy

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements from the date of reclassification

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, 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 where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

The table below analyses financial assets and liabilities carried at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorized.

Securities and Investment Company BSC (c)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2016

Bahraini Dinars '000

17. Fair value (continued)

As at 31 March 2016

Available-for-sale investments:

	Level 1	Level 2	Level 3	Total
- Funds	9,188	1,734	856	11,778
- Equities	4,546	-	322	4,868
- Debt securities	6,420	2,081	-	8,501

At fair value through profit or loss:

- Funds	-	-	-	-
- Equities	3,549	-	-	3,549
- Debt securities	6,168	-	-	6,168

Liabilities

- Payable to unit holders in consolidated funds	(2,722)	-	-	(2,722)
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Total

	Level 1	Level 2	Level 3	Total
Total	27,149	3,814	1,179	32,142

The following table analyses the movement in Level 3 financial assets during the period:

	Level 3 31 March 2016
At 1 January 2016	575
Total loss :	
- in income statement	-
- in other comprehensive income	125
Purchases	479
Settlements	-
Transfers into / (out) of level 3	-
At 31 March 2016	1,179
Total gain / (loss) for the period included in income statement for assets / liabilities held as at 31 March 2016	(381)

Securities and Investment Company BSC (c)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the three months ended 31 March 2015**

Bahraini Dinars '000

17. Fair value (continued)

As at 31 December 2015	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale investments				
- Funds	10,635	1,162	252	12,049
- Equities	5,356	-	322	5,678
- Debt securities	8,270	4,247	-	12,517
Fair value through profit or loss:				
- Funds	286	-	-	286
- Equity	5,251	-	-	5,251
- Debt securities	8,721	-	-	8,721
Liabilities				
- Payable to unit holders in consolidated funds	(2,836)	-	-	(2,836)
	35,683	5,408	575	41,666

The following table analyses the movement in Level 3 financial assets during the period:

	Level 3 31 March 2015
At 1 January 2015	515
Total loss :	
- in statement of profit or loss	-
- in other comprehensive income	14
Purchases	-
Settlements	-
Transfers into / (out) of level 3	-
At 31 March 2015	529
Total gain / (loss) for the period included in income statement for assets / liabilities held as at 31 March 2015	-

18. Comparatives

Certain comparatives have been regrouped where necessary to conform to the current period's presentation. The regrouping did not affect previously reported comprehensive income for the period or equity of the Group.