

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION
31 March 2015**

Comprehensive investment services for the Bahrain and GCC securities market

Commercial registration	:	33469
Board of Directors	:	Shaikh Abdulla bin Khalifa Al Khalifa, Chairman of the Board and Chairman of the Investment Committee Hussain Al Hussaini, <i>Vice Chairman of the Board and Member of the Investment Committee</i> Sawsan Abul Hassan <i>Vice chairman of the Investment Committee</i> Mohammed Abdulla <i>Vice chairman Of Nominations, Remuneration & Corporate Governance Committee</i> Mahmoud Zewam <i>Member of the Audit Committee</i> Anwar Abdulla Ghuloom <i>Member of Nominations, Remuneration & Corporate Governance Committee</i> Fahad Murad <i>Chairman Of Nominations, Remuneration & Corporate Governance Committee</i> Waleed Al Braikan <i>Vice chairman of the Audit Committee</i> Yousif Saleh Khalaf <i>Chairman of the Audit Committee</i>
Chief Executive Officer	:	Najla M. Al Shirawi
Office	:	1st & 2nd Floor, BMB Centre PO Box 1331, Kingdom of Bahrain Telephone 17515000, Fax 17514000
Bankers	:	Bank of Bahrain and Kuwait BSC
Auditors	:	KPMG

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
for the period ended 31 March 2015

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

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

11 May 2015

Introduction

We have reviewed the accompanying 31 March 2015 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 2015;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2015;
- the condensed consolidated statement of comprehensive income for the three month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2015;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2015; 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 2015 condensed consolidated 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 31 March 2015


Bahraini Dinars '000

	Note	31 March 2015 (reviewed)	31 December 2014 (audited)
ASSETS			
Cash and cash equivalents		60,076	61,427
Investments at fair value through profit or loss	11	15,568	17,340
Available-for-sale investments	12	33,778	28,811
Fees receivable		711	1,192
Other assets		12,087	5,399
Furniture, equipment and intangibles		1,424	1,500
Total assets		123,644	115,669
LIABILITIES AND EQUITY			
Liabilities			
Short-term bank borrowings		19,219	16,220
Customer accounts		35,281	32,878
Other liabilities		7,888	3,301
Payable to other unit holders in consolidated funds		2,352	2,172
Total liabilities		64,740	54,571
Equity			
Share capital		42,849	42,849
Shares under employee share incentive scheme		(1,599)	(1,599)
Statutory reserve		6,142	6,142
General reserve		3,217	2,642
Available-for-sale investments fair value reserve		1,372	1,118
Retained earnings		6,923	9,946
Total equity (page 5)		58,904	61,098
Total liabilities and equity		123,644	115,669

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 13 on 11 May 2015 and signed on its behalf by:


Shaikh Abdulla Bin Khalifa Al Khalifa
Chairman


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

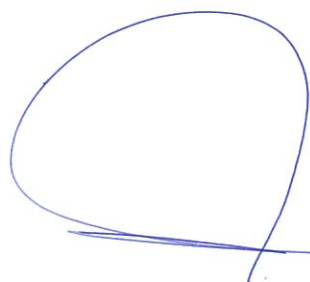

Najla M. Al Shirawi
Chief Executive Officer

Securities and Investment Company BSC (c)


CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the three months ended 31 March 2015

Bahraini Dinars '000

	Note	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Net investment income	13	1,343	2,447
Net fee and commission income		770	721
Brokerage and other income		499	742
Interest income		379	330
Total income		2,991	4,240
Staff and related expenses		1,044	1,011
Interest expense		22	11
Other operating expenses		410	480
Share of profit of other unit holders in consolidated funds		107	164
Total expenses		1,583	1,666
Profit for the period		1,408	2,574
Basic and diluted earnings per share (fils)		3.29	6.01



Shaikh Abdulla Bin Khalifa Al Khalifa
Chairman



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



Najla M. Al Shirawi
Chief Executive Officer

The condensed consolidated interim financial information consists of pages 2 to 13.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2015

Bahraini Dinars '000

	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Profit for the period	1,408	2,574
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	1,021	738
- Net amount transferred to income statement on sale	(767)	(969)
Total other comprehensive income for the period	254	(231)
Total comprehensive income for the period	1,662	2,343

The condensed consolidated interim financial information consists of pages 2 to 13.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2015

Bahraini Dinars '000

	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:							
Revaluation reserve (available-for-sale investments):	-	-	-	-	1,021	-	1,021
Net change in fair value	-	-	-	-	(767)	-	(767)
Net amount transferred to profit or loss on sale	-	-	-	-	-	-	-
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 condensed consolidated interim financial information consists of pages 2 to 13.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2015 (continued)

Bahraini Dinars '000

	Share capital	Shares under employee share incentive scheme	Statutory reserve	General reserve	Available-for-sale investments fair value reserve	Retained earnings	Total equity
2014 (reviewed)							
Balance at 1 January 2014	42,849	(1,599)	5,567	2,100	2,456	8,892	60,265
- Transfer to general reserve	-	-	-	542	-	(542)	-
Comprehensive income for the period:							
Profit for the period	-	-	-	-	-	2,574	2,574
Other comprehensive income:							
Revaluation reserve (available-for-sale investments):	-	-	-	-	738	-	738
Net change in fair value	-	-	-	-	(969)	-	(969)
Net amount transferred to profit and loss on sale / impairment	-	-	-	-	(231)	-	(231)
Total other comprehensive income	-	-	-	-	(231)	-	(231)
Total comprehensive income for the period	-	-	-	-	(231)	2,574	2,343
Transaction with owners recognized directly in equity:							
- Dividends declared for 2013	-	-	-	-	-	(3,214)	(3,214)
Balance at 31 March 2014	42,849	(1,599)	5,567	2,642	2,225	7,710	59,394

The condensed consolidated interim financial information consists of pages 2 to 13.

Securities and Investment Company BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2015

Bahraini Dinars '000

	31 March 2015 (reviewed)	31 March 2014 (reviewed)
Operating activities		
Net interest received	223	224
Sale of investments at fair value through profit or loss	16,634	54,962
Purchase of investments at fair value through profit or loss	(14,601)	(52,754)
Sale of available-for-sale investments	9,906	14,007
Purchase of available-for-sale investments	(13,854)	(9,815)
Net increase in customer accounts	2,403	1,485
Dividends received	332	526
Movement in Brokerage accounts and other receivables	(4,805)	2,999
Payments for staff and related expenses	(750)	(1,625)
Payments for other operating expenses	86	(603)
Net cash (used in) / from operating activities	(4,426)	9,406
Investing activities		
Net capital expenditure on furniture and equipment	-	(12)
Net cash used in investing activities	-	(12)
Financing activities		
Net proceeds from / (repayment of) short-term bank borrowings	2,999	(3,446)
Net proceeds from / (payment on) issue / (redemption) of units	91	(446)
Distribution to other unit holders in consolidated fund	(15)	-
Net cash from / (used in) financing activities	3,075	(3,892)
Net (decrease) / increase in cash and cash equivalents	(1,351)	5,502
Cash and cash equivalents at the beginning of the period	61,427	32,799
Cash and cash equivalents at the end of the period	60,076	38,301
Represented by:		
Cash and bank	14,817	14,327
Call deposits	6,056	2,307
Short-term placements with original maturities of 3 months or less	39,203	21,667
	60,076	38,301

The condensed consolidated interim financial information consists of pages 2 to 13.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2015

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 2014. 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 2014.

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 2014 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 2014.

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 2014. There have been no changes in the risk management department or in any risk management policies since 31 December 2014.

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 a Group level.

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

Bahraini Dinars '000

8. Appropriations

At the shareholders Annual General Meeting for the year 2014 on 30 March 2015, the shareholders resolved to make the following appropriations of the profit for the year ended 31 December 2014 which were effected during the quarter. These include cash dividend of BD 3,856 representing 9% of paid up capital and transfer of BD 575 to general reserve.

9. 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 shares as part of their bonus in ratios determined by the Board of Directors. The fair value of the shares is determined based on the fair value of the Group's net assets as at the reporting date. For accounting purposes and in accordance with IFRS 2 "Share Based Payments", the Scheme is treated as a cash-settled share based payment scheme due to the requirement for the employees to sell back the shares to the Group on resignation / retirement based on the vesting conditions mentioned in the Scheme.

10. Contingent and memorandum accounts

	As at 31 March 2015	As at 31 December 2014
Assets under custody	1,747,152	1,636,473
Assets under management	374,120	338,888
Commitments	115	115

11. Investments at fair value through profit or loss

	As at 31 March 2015	As at 31 December 2014
Equity securities – quoted (listed)	6,200	5,865
Funds – quoted	166	1,186
Debt securities – quoted	9,202	10,289
	15,568	17,340

12. Available-for-sale investments

	As at 31 March 2015	As at 31 December 2014
Equity securities		
- Quoted (listed)	5,706	5,842
- Unquoted	2,197	2,197
	7,903	8,039
Funds		
- Quoted	9,710	7,614
- Unquoted	6,453	4,453
	16,163	12,067
Debt securities		
-Quoted	9,401	8,398
-Unquoted	311	307
	9,712	8,705
	33,778	28,811

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

13. Investment income

	Three months ended	
	31 March 2015	31 March 2014
Gain from investments at fair value through profit or loss	244	952
Gain on sale of available-for-sale investments	767	969
Dividend income on investments carried at fair value through profit or loss	98	255
Dividend income on available-for-sale investments	234	271
	1,343	2,447

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

	Three months ended	
	31 March 2015	31 March 2014
Realized gain	175	400
Unrealized gain	69	552
	244	952

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 a 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.

14. 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 II BSC (c), SICO Funds Company III BSC (c), SICO Funds Company IV BSC (c), SICO Funds Company V BSC (c), SICO Funds Company VI BSC (c), SICO Funds Company VII BSC (c) and SICO Ventures Company SPC.

	Three months ended	
	31 March 2015	31 March 2014
Fee income	137	162

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

14. Related parties (continued)

	As at 31 March 2015	As at 31 December 2014
Fee receivable	197	255
Funds under management	46,423	47,422
Investments in own funds	1,277	2,420

Transactions with shareholders

	Three months ended	
	31 March 2015	31 March 2014
Fee income	120	91

	As at 31 March 2015	As at 31 December 2014
Fee receivable	102	339
Funds under management	78,127	74,002

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

15. Fair value

- (i) Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 March 2015:

	31 March 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Investments at fair value through profit or loss	15,568	15,568	17,340	17,340
Available-for-sale investments	33,778	33,778	28,811	28,811
Total assets	49,346	49,346	46,151	46,151
Liabilities				
Short-term bank borrowings	19,219	19,219	16,220	16,220
Payable to unit holders	2,352	2,352	2,172	2,172
Total liabilities	21,571	21,571	18,392	18,392

Except for available-for-sale investment of BD 1,885 (31 December 2013: 1,885) that is carried at cost less impairment in the absence of a reliable measure of fair value, all available-for-sale investments and investments at fair value through profit or loss are carried at fair value. The fair value of other financial assets and liabilities approximate their carrying value due to their short term nature.

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

15. Fair value (continued)

(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.

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.

	Level 1	Level 2	Level 3	Total
As at 31 March 2015				
Available-for-sale investments:				
- Funds	9,710	6,236	217	16,163
- Equities	5,706	-	312	6,018
- Debt securities	9,401	311	-	9,712
At fair value through profit or loss:				
- Funds	166	-	-	166
- Equities	6,200	-	-	6,200
- Debt securities	9,202	-	-	9,202
Liabilities				
- Payable to unit holders	2,352	-	-	2,352
Total	38,033	6,547	529	45,109

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 income statement	14
- in other comprehensive income	-
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	-

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

15. Fair value (continued)

As at 31 December 2014	Level 1	Level 2	Level 3	Total
Assets				
<i>Available-for-sale investments:</i>				
- Funds	7,615	4,249	203	12,067
- Equities	5,842	-	312	6,154
- Debt securities	8,398	307	-	8,705
<i>At fair value through profit or loss:</i>				
- Funds	1,186	-	-	1,186
- Equities	5,865	-	-	5,865
- Debt securities	10,289	-	-	10,289
Liabilities				
- Payable to unit holders	2,172	-	-	2,172
Total	37,023	4,556	515	42,094

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

At 1 January 2014	Level 3 31 March 2014 2,131
Total loss :	
- in statement of profit or loss	-
- in other comprehensive income	(45)
Purchases	-
Settlements	-
Transfers into / (out) of level 3	-
At 31 March 2014	2,086
Total gain / (loss) for the period included in income statement for assets / liabilities held as at 31 March 2014	-

16. 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.