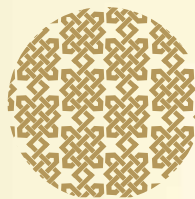
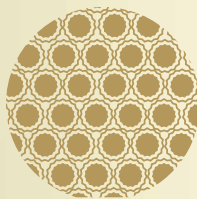
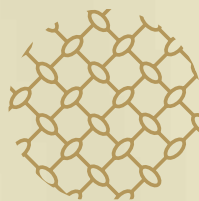


# MUMTALAKAT

BAHRAIN INVESTMENTS

ANNUAL REPORT 2009



[Transparency. Integrity. Accountability.]



**H.H. Shaikh Khalifa  
Bin Salman Al Khalifa**  
The Prime Minister



**H.M. King Hamad  
Bin Isa Al Khalifa**  
The King of  
The Kingdom of Bahrain



**H.H. Shaikh Salman  
Bin Hamad Al Khalifa**  
The Crown Prince and  
Deputy Supreme Commander



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## ABOUT MUMTALAKAT

**Mumtalakat is the investment arm of the Kingdom of Bahrain, and was established in June 2006 by Royal Decree as an independent holding company for the government of Bahrain's strategic non-oil and gas related assets.**

Mumtalakat was created to align and implement the execution of the government's initiatives to pursue value-enhancing opportunities, improve transparency and help achieve operational excellence for its state-owned, non-oil and gas related assets. Mumtalakat holds stakes in over 35 commercial enterprises, representing a portfolio value of approximately BD3.4 billion (US\$9.0 billion) as of December 31, 2009 and spanning a variety of sectors, including aluminium production, financial services, telecommunications, real estate, tourism, transportation, and food production.

### Vision

To be the investment company for Bahrain delivering high-value growth within selected industry segments.

To operate in line with global standards.

### Mission

Develop a balanced portfolio of international, regional, and national investments.

Achieve high returns on our investments.

Spread risk through geographic and asset-class diversification.



## BOARD OF DIRECTORS

(From top, left to right)

**H.E. Shaikh Ahmed bin Mohammed Al Khalifa**  
Chairman

**H.E. Shaikh Mohammed bin Essa Al Khalifa**  
Vice Chairman

**Mr. Talal Al Zain**

**Dr. Essam Abdulla Fakhro**

**Mr. Murad Ali Murad**

**Mrs. Sabah K. Almoayyed**

**Dr. Zakaria Ahmed Hejres**

**Dr. Samer Al Jishi**

**Mr. Jawad Habib Jawad**



## SENIOR MANAGEMENT

Senior executives of Mumtalakat's management team include:

**Mr. Talal Al Zain**

Chief Executive Officer and Board Member

**Mr. Mahmood Hashim Al Kooheji**

Deputy Chief Executive Officer

**Mr. John Knight**

Chief Operating Officer

**Mr. Serge Lepine**

Chief Investment Officer

**Mr. Arun Kumar**

Chief Financial Officer

**Mr. Arvind Mathur**

General Counsel and Vice President, Legal

**Mr. Damien Balmet**

Vice President, Corporate Development

**Mr. Zulfe Ali**

Vice President, Corporate Finance

**Dr. Pablo Fetter**

Head of Private Equity, Direct Investments

**Mr. Jameel Al Sharaf**

Vice President, Information Technology

## LETTER FROM THE CHIEF EXECUTIVE OFFICER



**The growth of our company has not been without its challenges. In 2009, these challenges included on-going uncertainty in global financial markets. I am proud to say that through careful business planning and a watchful eye from Mumtalakat's management, we have managed to successfully weather the storm that has come to claim a number of other global businesses.**

This successful planning has meant that we have been able to progress with the implementation and development of a number of key priorities to help stimulate further growth at our portfolio companies.

This includes the comprehensive organisational restructuring at Aluminium Bahrain (Alba) along with the development of a broad operational and strategic restructuring plan for Gulf Air. These plans have been designed to improve the operational performance of both companies. Specifically for Gulf Air, it was also designed to enhance the airline's financial and operational performance and realign its business model to best meet the needs of the economy of Bahrain.

Mumtalakat's strategy is designed not only to assist Bahrain in growing its national wealth, but to also enhance the lives of Bahrainis through the portfolio, which is comprised of companies of strategic importance to Bahrain and employs a significant part of the local workforce. Whilst selectively reviewing new transactions in broader global markets, the primary focus has been to improve the performance (both operational and financial) and create value in the domestic portfolio companies.

We are proud to be shareholders of a number of companies that make a significant contribution to generating employment to further diversify the Kingdom's economy away from the traditional oil and gas sectors.

Key contributions of Mumtalakat's assets to the economy:

- Alba, Gulf Air and Batelco are significant employers of Bahraini talents and have historically served as important institutions for the development and advancement of the local workforce;
- Alba, representing nearly 40 years of Bahrain's industrial history, was the first aluminium smelter in the Middle East and continues to be one of the leading producers of primary aluminium in the world;
- Gulf Air is the national flagship carrier and serves the critical role of connecting Bahrain to the key financial centres of Europe and important regional destinations;
- The National Bank of Bahrain (NBB) is an important financial institution to the country, which has built a long-standing reputation as a major financial hub in the Middle East;

- Batelco's origins as the national telecommunications provider have helped it maintain a leading market share in an increasingly deregulated market and it remains Bahrain's only fully integrated telecommunications provider;
- The Formula 1 race track operated by BIC was first to bring the Grand Prix to the Middle East; and
- Bahrain Livestock Company and Bahrain Flour Mills Company are responsible for the import, processing and sale of Government subsidised livestock and wheat products in Bahrain as part of the Government's program to ensure that the broader population has access to basic needs.

In addition, a major component of the work carried out throughout 2009 has been our on-going commitment towards the development of the highest best practice corporate governance standards. For example:

- Restructurings and enhancement of the management teams at portfolio companies;
- Functional board, executive and management committees; and
- Fulfilling requirements of the National Audit Court of Bahrain.

Further improving and maintaining these standards remains a top priority for Mumtalakat.

We have exciting years ahead of us and 2010 will also mark the next stage in the development of our flagship investments. We will continue to build on our existing team, and invest in our people so that we can achieve growth for the people of Bahrain.

**Talal Al Zain**  
Chief Executive Officer and Board Member

# YEAR IN REVIEW

In what was to mark a year of global financial recovery following a turbulent 2008, Mumtalakat was fortunate enough to remain in a solid financial position. In fact, 2009 represented a successful progression in the execution of Mumtalakat’s outlined investment strategy and the delivery on a number of important business priorities.

The over-arching theme of 2009 was of achieving improved operational performance and ensuring that the building blocks for Mumtalakat’s key portfolio companies were in place. The management team focused on institution building and corporate governance, in addition to delivering on strategic priorities.

*Achieving Operational Excellence*

With a number of portfolio companies under its umbrella, it was key for Mumtalakat to ensure that the right management was in place to lead these companies to further success and further profitability. As such, activity for 2009 was very much focused on supporting Mumtalakat’s portfolio companies.

Operational efficiency was also a key contributor towards Mumtalakat’s goal of enhancing corporate governance standards across the board. Mumtalakat strives to demonstrate not only the highest levels of corporate governance for itself but to ensure that this is commonplace amongst its portfolio companies.

*Delivering on Strategic Priorities*

Two strategic priorities of 2009 were Gulf Air and Alba. At Alba, Mumtalakat initiated the development of a comprehensive organisational restructuring to improve Alba’s efficiency and cost structure. This builds on Alba’s position as one of the lowest-cost smelters in the aluminium industry.

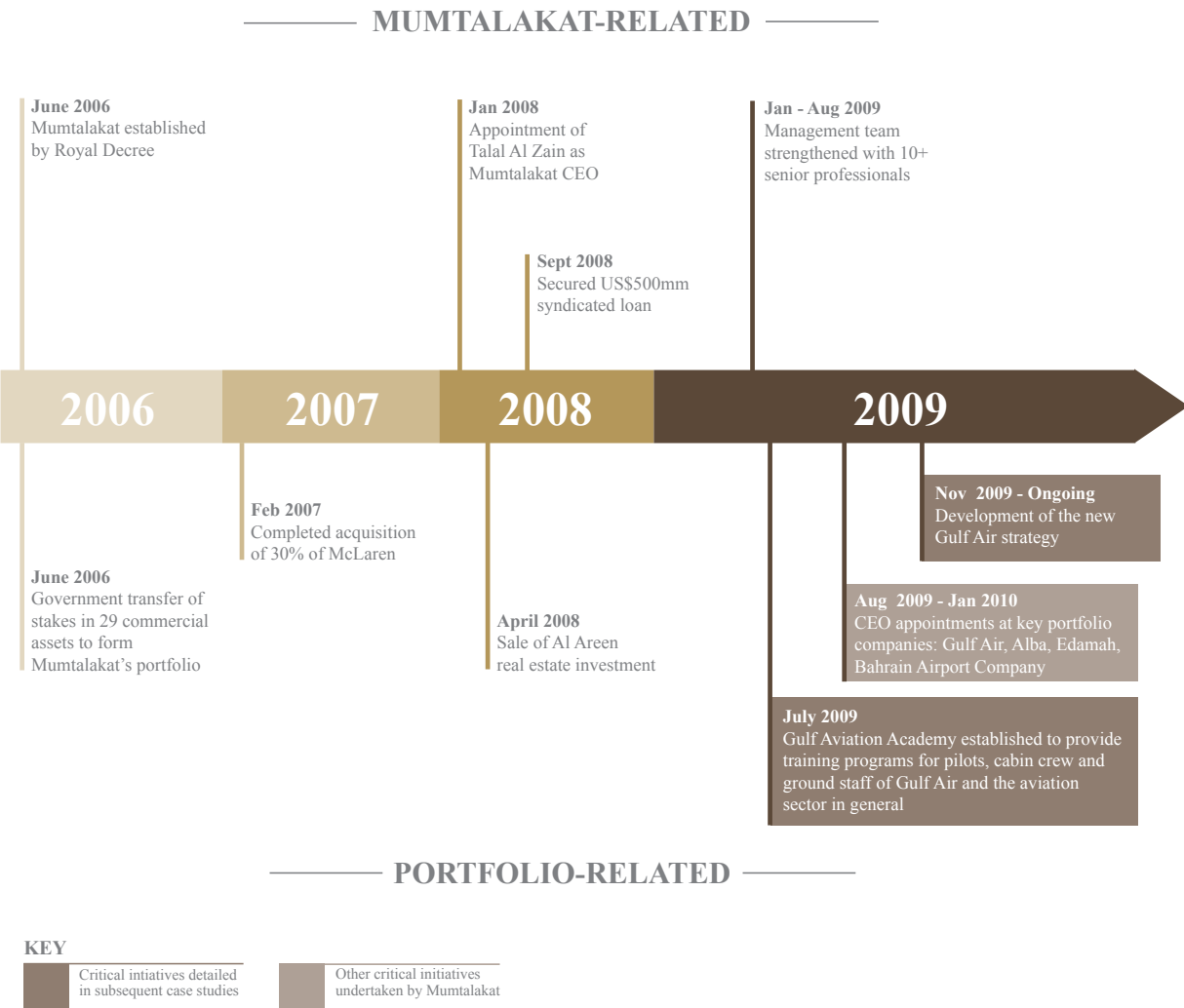
At Gulf Air, Mumtalakat initiated the development of a broad operational and strategic restructuring plan. This plan was designed to improve the airline’s financial and operational performance and realign its business model to best meet the needs of the economy of Bahrain.

Mumtalakat also worked closely with Batelco and National Bank of Bahrain (NBB).

Mumtalakat is actively engaged with the portfolio companies to identify and implement value creation initiatives.

*Timeline*

Mumtalakat has executed a number of successful initiatives which have enhanced the value of the portfolio, benefitted Bahrain as a whole and demonstrated the capability of the team.





## PORTFOLIO HIGHLIGHTS

Two prominent highlights for Mumtalakat in 2009 were at its flagship companies of Alba and Gulf Air. Below is a brief snapshot of the key strategic activities for the businesses in 2009 and the pivotal role each business will play in the ongoing diversification of the Bahraini economy.

## ALBA

Alba operates an aluminium smelter, power plant and a coke calcining plant located in Askar, Bahrain, producing an average of 850,000 metric tons of aluminum per year. Alba was incorporated in 1968 to construct, own and operate Bahrain's primary aluminum smelter. Alba commenced commercial operations in May 1971 as the first aluminium smelter in the Middle East and has now grown into one of the leading producers of primary aluminum in the world. Alba is owned 77% by Mumtalakat and 20% by Saudi Industrial Investments Company (SIIC), a wholly owned subsidiary of SABIC.

In 2009, Alba implemented a major restructuring program with a view to identifying areas for performance improvement and efficiency-related cost savings. As part of this program, Alba focused on head count reduction, improvement in working capital management, inventory reduction, direct sales to customers, identifying creep capacities to increase production and improving supply chain management.

Also, Alba conducted the Alba Vision study, which identified areas for future growth and expansion.

Alba's strategy is focused around maintaining and strengthening its position as one of the world's leading low-cost smelters. Alba's strategy is to take advantage of an expected future increase in demand by exploring opportunities that exploit its competitive advantages, including uninterrupted production, its status as one of the lowest cost facilities in the industry and strong local and regional reputation.



# GULF AIR

Established in 1950, Gulf Air is the national carrier of the Kingdom of Bahrain, connecting traffic from Europe and Asia to the Middle East and targeting local traffic within the Middle East. Gulf Air's principal activity during its 60 year operating history has been the transportation of passengers and freight on a scheduled basis.

Until 2002, Gulf Air was owned by Bahrain, Qatar, Abu Dhabi and Oman, which had originally established Gulf Air as a GCC carrier. In November 2007, Mumtalakat became the sole shareholder of Gulf Air, as each of the other GCC countries gradually established their own respective airline carriers and withdrew from the ownership of Gulf Air.

## Business

With a fleet of 35 aircrafts as of December 31, 2009, Gulf Air is a full service carrier with operations to over 40 destinations in the Middle East, Asia, Europe and Africa. Gulf Air, in addition to its high service quality standards, is a regional pioneer and has launched several innovative concepts including the Sky Chef and Sky Nanny. As a carrier in the Middle East, Gulf Air is also well positioned geographically to benefit from passenger traffic and cargo traffic growth in the region. Gulf Air expects to carry 4.6 million passengers in 2010, growing to approximately 5.3 million by 2014.

In August 2009, Gulf Air, with the close involvement of Mumtalakat, appointed a new CEO, as well as other senior management with solid aviation industry expertise, and engaged specialist aviation consulting firms to undertake a detailed strategic review of its business. As a result, Gulf Air has commenced an operational and strategic restructuring process designed to increase the airline's profitability, such as reducing its fleet of wide bodied aircraft and increasing its fleet of narrow bodied aircraft and focusing less on transit routes that are not sufficiently profitable.

The immediate steps taken by Gulf Air in pursuit of this strategy include a shift in focus to regional flights, with recently inaugurated services to Aleppo, Alexandria, Salalah and Baghdad, and a focus on limited, select long-haul routes. In addition, Gulf Air also plans to expand its codeshare relationships with key airline carriers.

Gulf Air's new strategy addresses the carrier's major challenges through:

- (i) Realignment of the route network;
- (ii) Rationalisation of the fleet;
- (iii) A better and more consistent product offering; and
- (iv) A significant reduction of the cost base.

The key elements of the new strategy are as follows:

**Bahrain First.** Refocus first on Bahrain, with an emphasis on high-quality service for the local business market, including the Eastern Province of Saudi Arabia;

**Growth.** Connect Bahrain to over 50 destinations, including 20 new cities, while eliminating less strategic and less profitable routes, making Gulf Air the preferred carrier throughout the region for these destinations;

**Competitive Advantage.** Tailor the fleet to serve more points with more nonstop service and secure competitive advantage over less nimble competitors;

**Ahead of the Curve.** Lead the Gulf region in the global industry trend toward frequent point-to-point services and focus on a higher-value market segment; and

**Modernisation.** Re-launch Gulf Air with a focus on regional dominance, growth and innovation.

The implementation of this strategy will require Government support, significant asset redeployment, cost reductions and productivity improvements. Mumtalakat, together with Gulf Air management, has established precise monthly KPIs to effectively track progress against key financial, operational and strategic metrics.



## LOOKING FORWARD

Moving into 2010, Mumtalakat will continue to focus on pursuing value-enhancing opportunities, improving transparency and helping achieve operational excellence for its state owned non-oil and gas assets. In doing so it will help grow the wealth of Bahrain and assist in fulfilling the Kingdom's objectives as defined by Economic Vision 2030.

# CORPORATE GOVERNANCE

## Mumtalakat is committed to improving and maintaining the highest standards of corporate governance across its portfolio.

Mumtalakat is subject to oversight by the National Audit Court of Bahrain (NAC), which conducts regular reviews of the ministries, various governmental entities and public authorities. Mumtalakat is also subject to oversight by the Bahrain Tender Board, whose main role is to oversee the procurement practices and processes of governmental bodies, to ensure transparency, fair competition, efficiency and the best use of public funds.

As a wholly-owned government entity, Mumtalakat is obligated to submit periodic performance and financial reports to the Government through the Ministry of Finance. In addition, Mumtalakat is required to hold annual general shareholder meetings to approve its financial statements.

Mumtalakat is also required to answer all Parliamentary queries and to provide any required supporting material. Any queries related to Mumtalakat or any of its portfolio companies that are raised by Parliament are submitted through the Minister of the National Council Affairs (Representatives and Shura Councils) who present the queries to the Minister of Finance. The Minister of Finance may then request that the management of Mumtalakat provide responses and supporting material.

While created by royal decree and being wholly-owned by the Government, Mumtalakat is incorporated as a commercial entity and is therefore subject to the commercial laws of Bahrain. Mumtalakat is regulated by the Ministry of Industry and Commerce in the same way as any other private commercial company in Bahrain. The corporate governance structure of Mumtalakat is as follows:

### ***Board of Directors***

Members of Mumtalakat's nine-member Board of Directors, which meets at least four times a year, are appointed to four-year terms by resolution of the Economic Development Board (EDB). Mumtalakat's Board of Directors is composed of both public sector individuals, including key government officials, and private sector individuals. In addition, Mumtalakat's Chief Executive Officer, Mr. Talal Al Zain, is a member of Mumtalakat's Board of Directors and the EDB's Board of Directors.

The Board of Directors convenes at least four times a year and reviews and approves Mumtalakat's strategic

business plan. The Board also reviews and approves rules governing investment policy and guidelines for Mumtalakat. The Board of Directors exercises, through the executive management, all powers necessary for the management of Mumtalakat.

The Chairman of the Board of Directors is responsible for submitting to Mumtalakat's shareholder semi-annual periodic reports about Mumtalakat's business activities, operations, achievements, difficulties faced and solutions adopted.

### ***Board Compensation and Governance Committee***

The Board Compensation and Governance Committee assists the Board in identifying and nominating individuals to serve as Board sub-committee members; recommends the remuneration and rewards policy for Mumtalakat and, in particular, for the executive directors and executive management team (CEO and Deputy CEO); supports the Chairman of the Board in the performance review of the Board and its sub-committees; and establishes Mumtalakat's corporate governance framework.

### ***Board Audit Committee***

The Board Audit Committee assists the Board in independently ensuring and maintaining oversight of Mumtalakat's financial reporting system, internal control and risk management processes, audit functions and legal and regulatory requirements. The duties and responsibilities of the Board Audit Committee include assisting the Board in identifying and managing principal financial and compliance risks; approving the internal audit plan; assessing the independence, accountability and effectiveness of the external auditor; and evaluating the adequacy and effectiveness of Mumtalakat's procedures and systems for ensuring compliance with legal and regulatory requirements and internal policies.

### ***Board Investment Committee***

The Board Investment Committee is a non-executive committee and is independent of senior management and any executive directors. The Board Investment Committee meets at least once every quarter.

Its duties and responsibilities include reviewing and approving investment and divestment opportunities; monitoring risks and other issues associated with specific investments; and managing any potential conflicts of interest identified in relation to prospective or existing investments.

### ***Executive Committee***

The Executive Committee was established by resolution of the Board to assist the Board in fulfilling its oversight

responsibilities in relation to strategy, governance, budget, financing plans, investments, operations, corporate social responsibility and staff-related matters. In particular, the Executive Committee, in conjunction with the Investment and Operating Committees, oversees the day-to-day performance of Mumtalakat’s investments and operations.

*Operating Committee*

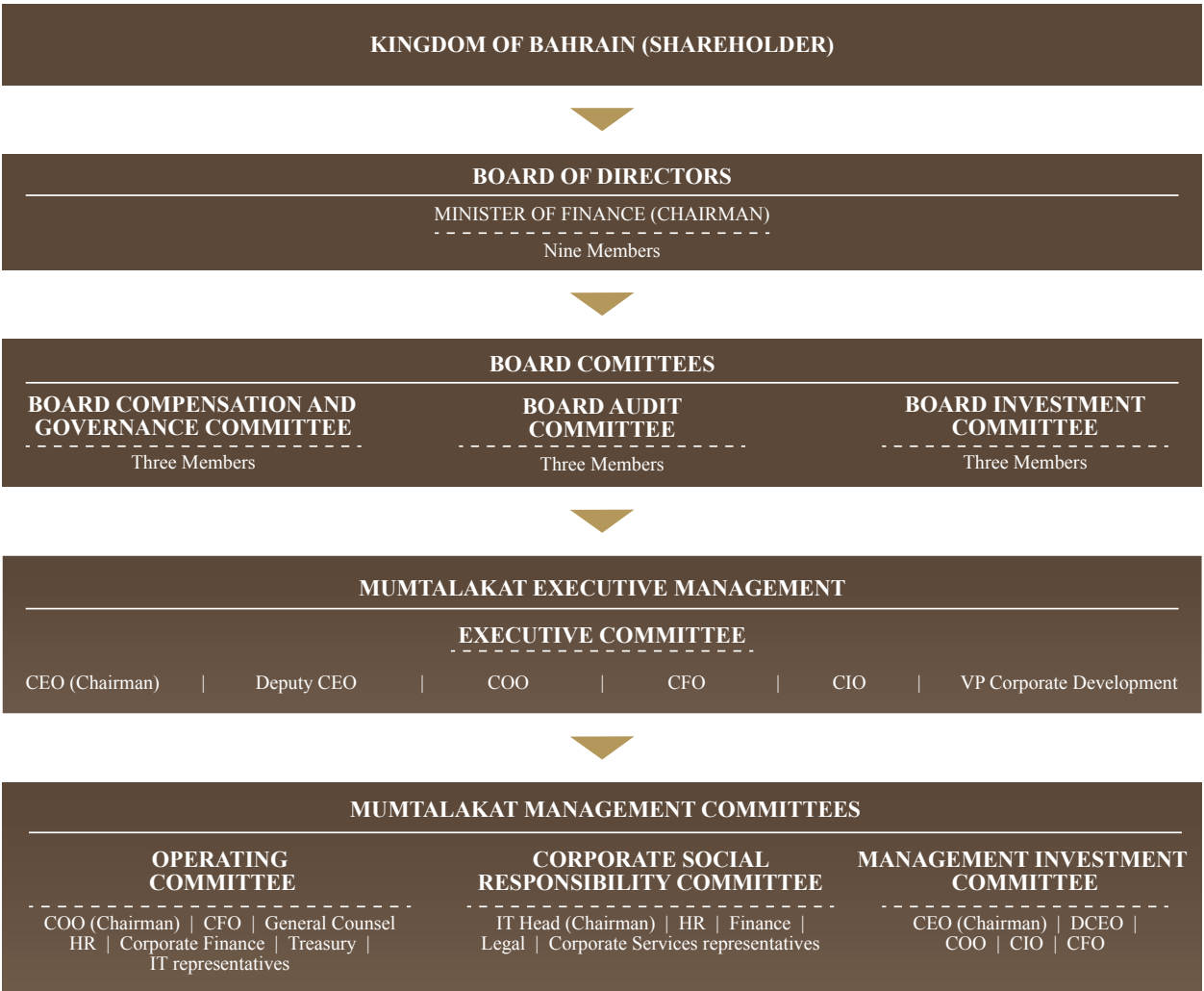
The role of the Operating Committee is to assist in overseeing the risk management activities of Mumtalakat and the day-to-day implementation of support processes. The duties and responsibilities of the Operating Committee include defining the operating model for Mumtalakat; promoting the sharing of best practices with Mumtalakat’s portfolio companies; monitoring operational performance indicators and identifying, assessing and managing various operational risks.

*Management Investment Committee*

The role of the Management Investment Committee is to oversee the day-to-day investment activities of Mumtalakat in coordination with the Executive Committee. The Management Investment Committee reviews and approves investment and divestments opportunities. The Management Investment Committee reports to the Board Investment Committee, and its members, including its Chairman, are appointed by the Board Investment Committee.

*Corporate Social Responsibility Committee*

The role of the Corporate Social Responsibility Committee is to assist the Executive Committee in fulfilling its oversight of the company’s responsibilities for Corporate Social Responsibility. The CSR Committee reviews and submits proposals to the Executive Committee to approve any community activity to ensure that it is in line with company directives to support needy communities in Bahrain, with the objective of improving their well-being and social development, and to support the development of a well-educated young generation in Bahrain.





## ENGAGEMENT WITH THE COMMUNITY

Mumtalakat acts as a responsible corporate citizen, determined to serve the community through an ambitious vision of collaboration with both the business community and civil society.

Mumtalakat's social commitment is strategic and aims to contribute to the economic and social development of Bahrain. Mumtalakat's strategy is to continue to integrate its core practices and key decisions with social and cultural considerations.

As an example of the activities for 2009, Mumtalakat organised a full day workshop with previous scholarship recipients in Bahrain, including students from the Crown Prince's International Scholarship Programme, Chevening Scholarship and The Fulbright Scholarship Programme. The participants brainstormed on themes around the subject of Corporate Governance in the Kingdom. For this event, Mumtalakat welcomed Professor Josh Lerner, Jacob H. Schiff Professor of Investment Banking at Harvard Business School, as well as senior representatives of the Bahrain offices for KPMG and Charles Russell. Mumtalakat reiterated its commitment to improve corporate governance across all its portfolio companies and its intention to be fully compliant with the upcoming Bahrain Code of Corporate Governance.

Mumtalakat also sponsored Spring of Culture 2009. Culture is very much attached to the economic prosperity of any modern society. The Spring of Culture is an annual festival which includes a mix of international performers in Arts, Theatre and Music. It aims to place the Kingdom of Bahrain on the global cultural map. By supporting venues such as Shaikh Ibrahim Center for Culture and Research, Mumtalakat is demonstrating its commitment to the establishment of a culture-rich society which will reflect positively on the Economic Vision 2030 towards a prosperous Kingdom.

Mumtalakat makes significant philanthropic contributions in line with the Group's CSR policy to promote the well-being of needy communities in Bahrain and support the development of a well-educated young Bahraini generation, with key partners and recipients including:

- Future IT Leaders - The program is arranged by The Bahrain Internet Society students for students from Bahrain University who have achieved the highest grades in year 3 of their Business Information and IT BSCs.
- Hope Institute for Special Education - The institute plays a major role in addressing the special

educational needs of the disabled children of Bahrain.

- Noam Charity Fund - The charity has been operational for over 15 years serving their community with various charitable activities ranging from supporting needy families to creating projects to create jobs for those in need.
- Sickle Cells Society - One of Bahrain's most active societies in their efforts to put an end to new Sickle Cells Disease cases by the year 2012.
- Almanar for Parents Care - A licensed charity group responsible for the welfare of the elderly.

# FINANCIAL SUMMARY

Following a year which focused on implementing initiatives to restructure operations where necessary, and reviewing and aligning the strategy to the fluctuating market conditions, Mumtalakat reported a 28% decrease in revenue to BD1.038 billion compared to the BD1.448 billion for the twelve months to 31 December 2008. On a consolidated basis, Mumtalakat registered an operating loss of BD123 million. The net loss after taking into consideration interest expense, fair value loss on derivatives and impairment losses was BD183 million compared to a net loss of BD69 million for the year ended 31 December 2008.

The Group generated operating cash flow of BD112 million compared to BD287 million in the prior year. There was a significant reduction in impairment losses to BD43 million for the year ending December 31 2009, compared to a loss of BD370 million for the year ending 31 December 2008, due to the broader economic recovery underway towards the end of the reporting period resulting in better fair market value. Due to better operating results at NBB, Batelco and McLaren, the share of profit of associates increased to BD82 million compared to BD74 million for the twelve months to 31 December 2008 whilst total assets for Mumtalakat remained stable at BD4.9 billion. The movement in equity attributable to shareholders of Bahrain Mumtalakat Holding Company was as follows:

	BD Million
Balance as at December 31, 2008	2,698
Total comprehensive income/(loss)	(139)
Contribution by shareholder	176
Balance as at December 31, 2009	2,735

Adverse macro-economic conditions triggered by the global financial crisis depressed equity and credit markets, had an adverse impact on Gulf Air, increasing losses from the prior year, and resulted in the fall in the LME price of aluminium, reversing gains at Alba from the prior year. These are some of the key reasons for the Group incurring losses for 2009.

As of December 31, 2009, Mumtalakat held majority and minority stakes in over 35 commercial enterprises, and the portfolio value as of December 31, 2009 was BD3.4 billion (US\$9.0 billion). Portfolio value represents the value of investments in subsidiary companies (greater than 50% shareholding), associate companies (20-50% shareholding) and non-trading investmentment companies (less than 20% shareholding). The value of investments in subsidiary companies and associate companies is calculated based on equity accounting.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	2009 BD ‘000	2008 BD ‘000
ASSETS		
Cash and bank balances	117,653	160,217
Derivative financial instruments	16,875	-
Trade accounts receivable, prepayments and other assets	165,350	228,582
Inventories	173,105	237,846
Investments carried at fair value through statement of income	2,386	2,625
Non-trading investments	216,634	164,361
Investment in associates	1,092,683	1,048,609
Investment properties	817,139	816,369
Property, plant and equipment	1,378,036	1,393,510
Other assets	93,544	42,945
Goodwill	787,778	787,778
TOTAL ASSETS	4,861,183	4,882,842
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	1,147,675	954,490
Derivative financial instruments	173,127	95,250
Trade accounts payable, accruals and other liabilities	430,493	490,967
Employees’ end of service benefits	13,532	13,920
Obligations relating to acquired entities	210,192	475,590
Total liabilities	1,975,019	2,030,217
Equity attributable to shareholder of the parent		
Share capital	1,845,635	1,845,635
Capital contribution	992,326	816,050
Statutory reserve	21,252	21,252
Other reserves	(12,797)	(39,665)
(Accumulated losses)/retained earnings	(111,178)	55,150
	2,735,238	2,698,422
Non-controlling interests	150,926	154,203
Total equity	2,886,164	2,852,625
TOTAL LIABILITIES AND EQUITY	4,861,183	4,882,842

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009 BD ‘000	2008 BD ‘000
LOSS FOR THE YEAR	(183,232)	(69,345)
Other comprehensive income (loss)		
Movement in cumulative changes in fair values	9,124	(88,776)
Transfer to consolidated statement of income	(1,988)	143,362
Share of changes in equity of associates	10,469	(27,014)
Foreign currency translation	9,275	(36,788)
Total other comprehensive income (loss) for the year	26,880	(9,216)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(156,352)	(78,561)
Attributable to:		
Shareholder of the parent	(139,460)	(143,879)
Non-controlling interests	(16,892)	65,318
	(156,352)	(78,561)



CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2009

	2009 BD ‘000	2008 BD ‘000
Revenue	1,037,746	1,447,844
Direct costs	988,025	1,146,956
<b>Gross profit</b>	<b>49,721</b>	300,888
Dividend income	1,430	5,575
Loss on investments carried at fair value through statement of income	(100)	(653)
Other operating income	31,144	64,389
Selling and distribution expenses	(95,296)	(116,883)
Administrative expenses	(84,970)	(85,309)
Other operating expenses	(25,372)	(4,952)
<b>Operating (loss) income</b>	<b>(123,443)</b>	163,055
Share of profit of associates	82,524	74,148
Interest income	3,253	5,372
Interest expense	(38,668)	(42,570)
Fair value (loss) gain on revaluation/settlement of derivatives (net)	(64,162)	100,877
Impairment losses	(42,736)	(370,227)
<b>NET LOSS FOR THE YEAR</b>	<b>(183,232)</b>	(69,345)
<b>Attributable to:</b>		
Shareholder of the parent	(166,542)	(135,038)
Non-controlling interests	(16,690)	65,693
	(183,232)	(69,345)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	2009 BD ‘000	2008 BD ‘000
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(183,232)	(69,345)
Adjustments for:		
Depreciation	121,852	120,600
Fair value loss (gain) on derivatives	64,162	(100,877)
Loss on investments carried at fair value through statement of income	100	653
Loss (gain) on non-trading investments	1,142	(30)
Loss (gain) on sale of investment in associate	849	(37,417)
Share of profits of associates	(82,524)	(74,148)
Impairment loss on non-trading investments, investment in associates and goodwill	42,736	370,227
Provision for impairment on trade accounts and other receivables	2,279	5,945
Gain on assets held for sale	-	(9,250)
Loss on disposal and write-off of property, plant and equipment	24,649	4,895
Impairment loss on property, plant and equipment	-	2,450
Interest income	(3,253)	(5,372)
Interest expense	38,668	42,570
Employees’ end of service benefits	1,437	2,848
Operating profit before changes in operating assets and liabilities	28,865	253,749
Changes in operating assets and liabilities:		
Inventories	62,446	(82,151)
Trade accounts receivable, prepayments and other assets	61,284	35,611
Trade accounts payable, accruals and other liabilities	(40,511)	79,386
Cash from operations	112,084	286,595
Interest paid	(38,668)	(45,501)
Derivative financial instruments	(3,160)	(158,013)
Employees’ end of service benefits paid	(1,825)	(2,293)
Net cash from operating activities	68,431	80,788
<b>INVESTING ACTIVITIES</b>		
Investment in associates	(350)	(2,639)
Purchase of available for sale and other investments	(72,480)	(10,493)
Proceeds from sale of non-trading investments and other investments	2,327	1,196
Proceeds from sale of investment in associate	1,521	65,000
Purchase of property, plant and equipment	(176,583)	(120,142)
Investment in properties	(307)	-
Proceeds from disposal of property, plant and equipment	99,235	1,515
Assets held for sale	-	20,999
Other assets	(50,899)	(7,781)
Dividends from associates	39,746	56,112
Net cash (used in) from investing activities	(157,790)	3,767
<b>FINANCING ACTIVITIES</b>		
Capital contribution	13,025	-
Proceeds from borrowings	222,007	400,806
Repayment of borrowings	(189,509)	(334,419)
Dividend paid to non-controlling interests	(6,348)	(146)
Interest received	3,253	5,372
Margin deposits with brokers and other deposits	(7,221)	25,177
Obligations relating to acquired entities	(102,947)	(107,957)
Net cash used in financing activities	(67,740)	(11,167)
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(157,099)</b>	73,388
Cash and cash equivalents at beginning of the year	90,152	16,764
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>(66,947)</b>	90,152

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to shareholder of the parent						Non-controlling interests	Total equity
	Share capital BD '000	Capital contribution BD '000	Statutory reserve BD '000	Other reserves BD '000	Retained earnings BD '000	Total BD '000	BD '000	BD '000
Balance at 1 January 2008	1,845,635	909,407	21,252	(30,841)	190,205	2,935,658	108,349	3,044,007
(Loss) profit for the year	-	-	-	-	(135,038)	(135,038)	65,693	(69,345)
Other comprehensive income (loss)	-	-	-	(8,824)	(17)	(8,841)	(375)	(9,216)
Total comprehensive (loss) income	-	-	-	(8,824)	(135,055)	(143,879)	65,318	(78,561)
Net withdrawal by the shareholder	-	(93,357)	-	-	-	(93,357)	-	(93,357)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(146)	(146)
Transfer to other liabilities	-	-	-	-	-	-	(19,318)	(19,318)
Balance at 31 December 2008	1,845,635	816,050	21,252	(39,665)	55,150	2,698,422	154,203	2,852,625
Loss for the year	-	-	-	-	(166,542)	(166,542)	(16,690)	(183,232)
Other comprehensive income (loss)	-	-	-	26,868	214	27,082	(202)	26,880
Total comprehensive income (loss)	-	-	-	26,868	(166,328)	(139,460)	(16,892)	(156,352)
Net contribution by the shareholder	-	176,276	-	-	-	176,276	-	176,276
Dividend paid to non-controlling interests	-	-	-	-	-	-	(6,348)	(6,348)
Transfer from other liabilities	-	-	-	-	-	-	19,963	19,963
Balance at 31 December 2009	1,845,635	992,326	21,252	(12,797)	(111,178)	2,735,238	150,926	2,886,164

