

ANNUAL REPORT 2010

WIDENING OUR HORIZONS



Mumtalakat
INVESTING FOR BAHRAIN

Bahrain Mumtalakat Holding Company B.S.C. (c)

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**His Royal Highness Prince
Khalifa bin Salman Al Khalifa**

The Prime Minister



**His Majesty King
Hamad bin Isa Al Khalifa**

The King of the
Kingdom of Bahrain



**His Royal Highness Prince
Salman bin Hamad Al Khalifa**

The Crown Prince and
Deputy Supreme Commander

We conduct our day-to-day business with fairness, honesty and reliability.



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Mumtalakat is the investment company for 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 among its portfolio companies.

OUR VISION

Mumtalakat's vision, as the investment arm of the Kingdom of Bahrain, is to grow the wealth of Bahrain.

OUR MISSION

A Dedicated Team:

Mumtalakat is attracting, developing and empowering talented individuals, drawn together by a unique culture, based on respect, openness and excellence.

Value Creation in Strategic Assets:

Mumtalakat is driving value creation in the strategic non-oil and gas related assets of Bahrain.

A Well Diversified and Balanced Portfolio:

Mumtalakat seeks investment opportunities across borders and asset classes, to build a well diversified and balanced portfolio.

A Well Governed Institution:

Mumtalakat is building a best-in-class organisation which is committed to the highest standards of transparency and corporate governance.

BOARD OF DIRECTORS

H.E. Shaikh Ahmed bin Mohammed Al Khalifa
Chairman

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

Dr. Essam Abdulla Fakhro

Mr. Murad Ali Murad

Mr. Talal Ali Al Zain

Mrs. Sabah K. Almoayyed

Dr. Zakaria Ahmed Hejres

Mr. Jawad Habib Jawad

Dr. Samer Majed Al Jishi

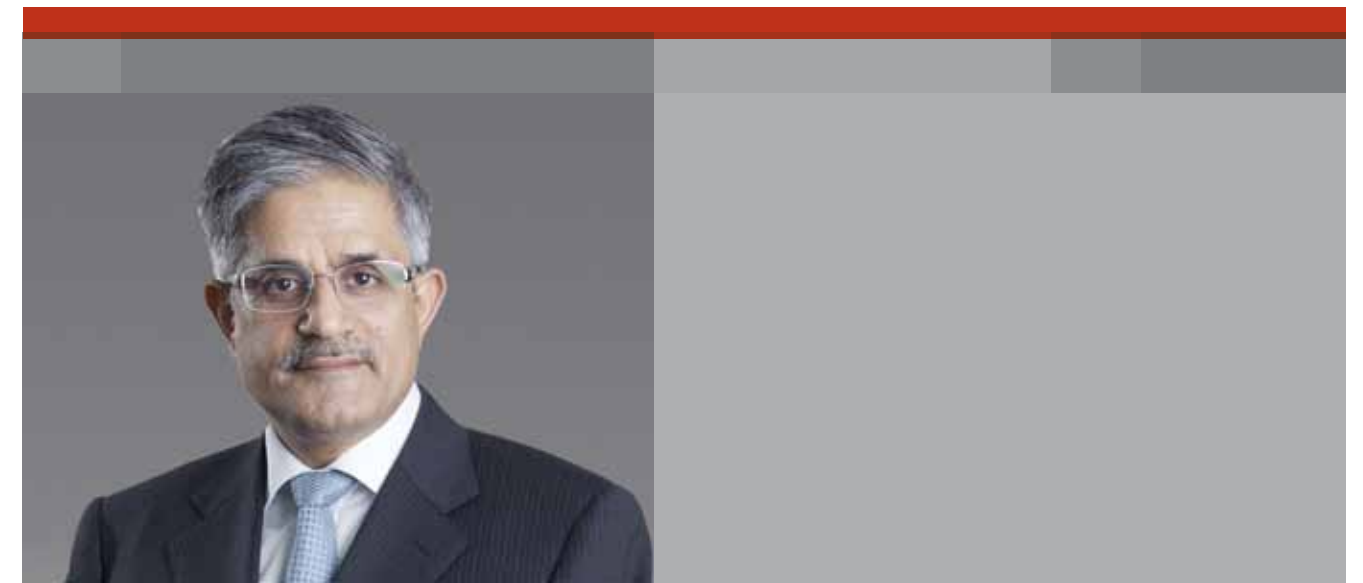


We make sound and commercially viable investment decisions.



LETTER FROM THE DEPUTY CHIEF EXECUTIVE OFFICER

A major focus for Mumtalakat continues to be its commitment to transparency and best-in-class corporate governance. The company is currently recognized as one of the most transparent institutions amongst Sovereign entities. This commitment is of particular importance to international investors.



Mumtalakat demonstrated its commitment to these sound practices in 2010 by undertaking high profile transactions requiring stringent disclosure requirements. Mumtalakat opened itself to detailed assessment by Standard & Poor's and Fitch Ratings in order to attain public credit ratings. This step paved the way to the listing of Mumtalakat's US\$750 million bond on the London Stock Exchange.

Similarly, the listing of Alba, Mumtalakat's largest asset, on both the Bahrain Stock Exchange and the London Stock Exchange, imposed rigorous disclosure and governance requirements for transparency on the part of Alba's management and Mumtalakat as the main shareholder.

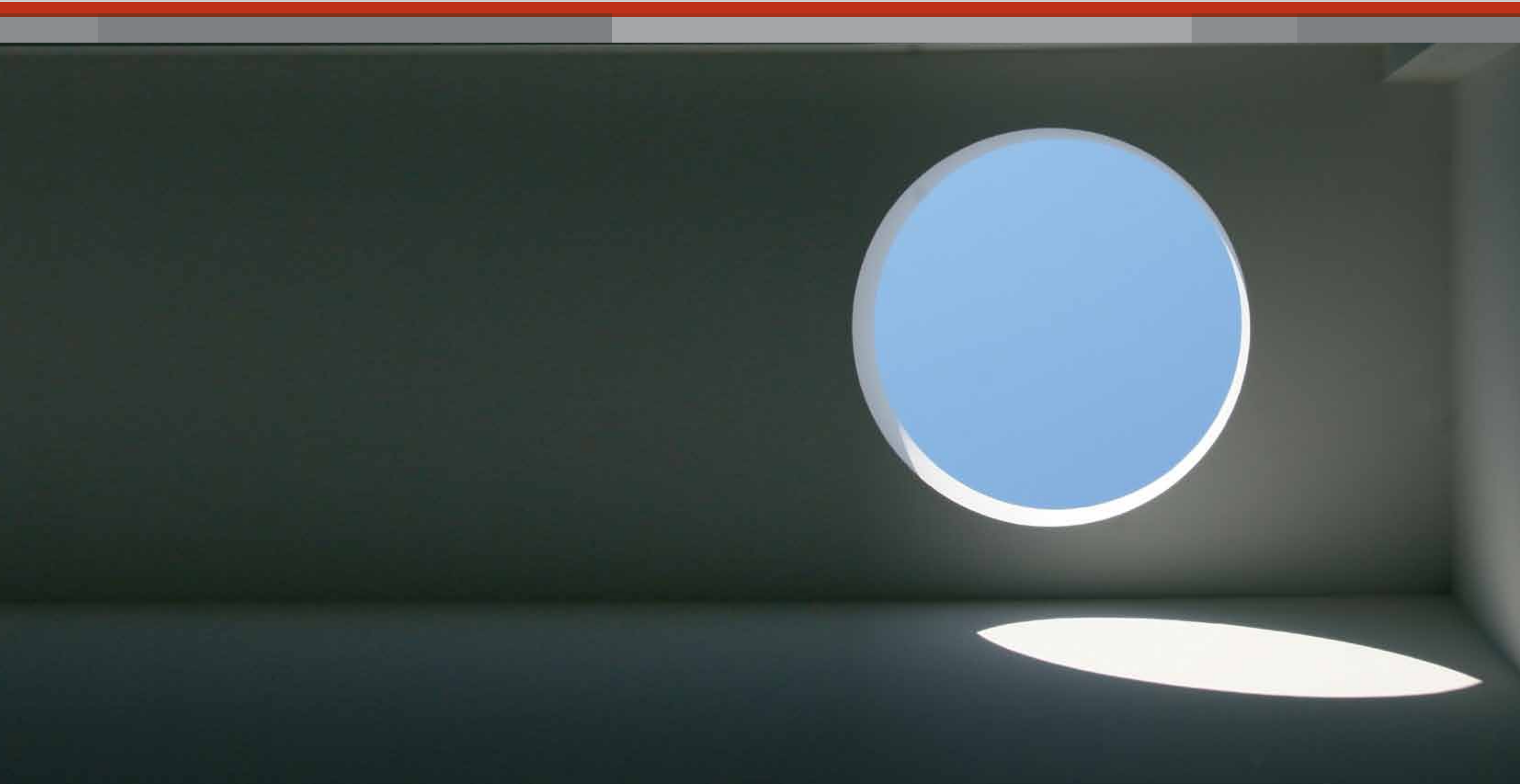
Furthermore, this public offering attracted strong demand from international investors and raised the profiles of Alba, Mumtalakat and Bahrain on the international markets.

Alba also reaped the benefits from the restructuring plan initiated in 2009. The implementation of this restructuring, which included organizational changes and various initiatives to reduce cost and increase revenues, delivered significant gains in 2010.

By working closely with the portfolio companies to ensure international standards of corporate governance are met and improved operational efficiencies are achieved, Mumtalakat continues to play an important role in supporting the long-term growth of some of the Kingdom's flagship businesses.

Mahmood Hashim Al Kooheji
Deputy Chief Executive Officer

We always maintain the highest standards of international corporate governance and openness.



FINANCIAL PERFORMANCE AND KEY HIGHLIGHTS

Improved Financial Performance

Mumtalakat registered 15% growth in revenues, from BD1.04 billion in 2009 to BD1.19 billion for the year ended 31 December 2010, principally due to a strong performance by Aluminium Bahrain (“Alba”) following the operational restructuring activities conducted last year, supported by a recovery in the price of aluminium and increased sales of higher premium, value-added aluminium products. Gross profits for 2010 more than doubled to BD133.1 million, compared to BD49.7 million in 2009.

Following the achievement of a number of significant milestones for Mumtalakat, including receiving credit ratings from Standard and Poor’s and Fitch, carrying out a successful US\$750 million bond offering and completing an offering of 10% of Mumtalakat’s ownership stake in Alba, on the Bahrain and London stock exchanges, Mumtalakat is in a more solid financial position.

As a result of the bond offering, Mumtalakat has improved its debt maturity profile, reducing short-term borrowings as a percentage of total borrowings to 24.3% in 2010 from 45.7% in 2009. Overall borrowings increased marginally to BD1.16 billion from BD1.15 billion. Due to an increase in total equity, to BD3.25 billion, net debt to equity as at 31 December 2010 was reduced to 20.5%, from 35.7% as at 31 December 2009.

Primarily as a result of Alba’s strong performance, funds raised through the Alba share offering and the equity contribution by the Government towards Gulf Air, Mumtalakat ended the year in a robust liquidity position with a cash and bank balance of BD498 million. This has given Mumtalakat significant flexibility in executing its investment strategy and gradually transitioning towards its Strategic Asset Allocation (SAA), which was also developed in 2010.

On a consolidated basis, Mumtalakat reported an operating loss of BD48.9 million, which was significantly lower than the BD123.4 million reported in 2009. This was mainly due to strong growth in gross margins and also on account of improved operating performance of portfolio companies.

Credit Ratings

Mumtalakat has been entrusted to look after the Kingdom’s non-oil and gas commercial assets. Given the importance of this mandate, we have put in place a corporate governance framework in line with global best practices and believe in transparency in everything we do.

Consistent with this objective, Mumtalakat pursued and secured credit ratings from both Standard & Poor’s and Fitch Ratings. On June 1, 2010 both rating agencies assigned Mumtalakat long-term credit ratings of ‘A’, which are equalized to the ratings of the Kingdom of Bahrain, reflecting the integral relationship between Mumtalakat and the Sovereign.

Mumtalakat’s status as a publicly rated entity has enhanced its international profile and visibility, while also inviting increased scrutiny of its performance and conduct by international institutional investors. Mumtalakat welcomes such attention with confidence, as it believes it has established a strong institution and disciplined corporate culture that will favorably measure up to international expectations and benchmarks across all fronts.



Bond Issuance

By successfully securing investment-grade credit ratings, Mumtalakat was able to access global capital markets, and on June 23, 2010, Mumtalakat priced its debut 5-year US\$750 million bond. The offering was well received by international fixed income investors in Asia, Europe and the Middle East and generated a well-diversified order book that was more than four times oversubscribed. Mumtalakat’s bond is now traded on the London Stock Exchange and has helped raise the profile of Mumtalakat and Bahrain in the international financial markets.

Aluminium Bahrain B.S.C. (“Alba”)

Alba is the fourth-largest individual aluminium smelter globally by capacity and is in the first quartile worldwide in terms of production costs per ton, according to CRU Strategies. Since its establishment in Bahrain in 1971, Alba has produced a variety of aluminium products at its site in Bahrain, including extrusion billets, foundry alloys, rolling slabs, standard ingots and liquid metal. Alba’s average metal purity level meets and typically exceeds the industry standard of 99.7% as set by the London Metals Exchange, and it often reaches 99.9%.

In 2009, Alba embarked on a restructuring strategy, which included organizational changes and various initiatives to reduce cost and increase revenues. As a result of these initiatives, Alba delivered operational improvements resulting in recurrent cost savings of BD38 million in 2010.

In mid-2010 Mumtalakat began working on an Initial Public Offering (IPO) of 10% of Alba’s ordinary shares (142,000,000 ordinary shares), and in November 2010 the Alba IPO was successfully completed with the listing of 69,018,875 ordinary shares and 14,596,225 Global Depository Receipts (GDRs; each GDR representing 5 ordinary shares) on the Bahrain and London Stock Exchanges respectively.

The Alba IPO was a major success on several fronts. The dual listing on both Bahrain and London Stock Exchanges raised the international profiles of Alba, Mumtalakat and Bahrain itself. The transaction generated gross proceeds of BD127 million, which strengthened Mumtalakat’s liquidity position and will allow us to move forward with the portfolio diversification strategy. Alba itself is also in a stronger position with stricter transparency and corporate governance requirements.

Strategic Asset Allocation

In 2010, Mumtalakat developed its Strategic Asset Allocation (SAA), the guiding principle of which is Mumtalakat’s vision of growing the wealth of Bahrain. Mumtalakat’s current portfolio is concentrated in the Arabian Gulf countries, which, at the end of 2010, 95% of the portfolio carrying value, representing an undue concentration risk. As per the SAA, Mumtalakat’s long term target is to allocate up to 50% of its portfolio within the Middle East and North Africa (MENA) region, and not necessarily within the Arabian Gulf countries, while also further diversifying its MENA exposure across asset classes. The remaining 50% of Mumtalakat’s portfolio is to be allocated globally to more liquid asset classes. Mumtalakat has designed a medium term portfolio transition plan defining specifically planned initiatives towards its SAA, the strategic elements of which are described in the following “Investment Strategy” section.

INVESTMENT STRATEGY

Mumtalakat's strategy is designed to address key objectives of Economic Vision 2030 and fulfill specific mandates that the Government has assigned to Mumtalakat under the National Economic Strategy.

Mumtalakat will seek to increase the value of its portfolio as a whole through the following strategies:

Identification and implementation of value-enhancing initiatives at its strategic portfolio companies

A core element of Mumtalakat's strategy is to enhance value at its existing portfolio companies. At Alba, Mumtalakat initiated the development of a comprehensive restructuring plan in 2009 which is intended to improve Alba's efficiency and cost structure. This strategy yielded some significant improvements in 2010 and successfully positioned Alba for the public offering that took place later in the year. At Gulf Air, Mumtalakat initiated in 2009 the development of a broad operational and strategic restructuring plan. This plan is designed to improve the airline's financial and operational performance and realign its business model to best meet the needs of Bahrain. Mumtalakat is also actively engaged with other portfolio companies to identify and implement value creation initiatives.

Carefully planned portfolio adjustments, including partial or complete disposal of select assets

Mumtalakat periodically reviews opportunities for partial or complete disposals of select assets in its portfolio. Ultimately, Mumtalakat seeks to maintain a significant minority interest in its portfolio companies - typically between 20% and 50%. This level of ownership is consistent with Mumtalakat's desire to maintain a meaningful influence over its portfolio companies. With certain more strategic assets, Mumtalakat may continue to hold a majority interest for the foreseeable future.

Further investments for growth in select existing assets and investments in new assets

Mumtalakat will continue to invest selectively in its existing portfolio companies and related projects. Attractive opportunities exist for portfolio companies to expand

geographically and enter into complementary businesses. Mumtalakat plans to help identify and analyse such opportunities within its existing portfolio companies and appropriately support the implementation of profitable growth strategies.

Mumtalakat is also involved in important strategic development projects for Bahrain. These will contribute to the overall economy of Bahrain, but should still deliver acceptable investment returns for Mumtalakat's portfolio.

Diversification of the portfolio over time

As of December 31, 2009, 91% of Mumtalakat's portfolio value was derived from companies based in Bahrain. In addition, given its significant stakes in several large companies, Mumtalakat is particularly exposed to certain sectors such as aluminium, real estate, telecommunications and financial services.

A fundamental element of Mumtalakat's strategy is to diversify its portfolio across geographies, asset classes, and sectors. Mumtalakat aims to achieve this diversification through a combination of disposals of existing assets and investments into new assets.

Geographically, Mumtalakat's long-term objective is to build a portfolio consisting of approximately 50% of international assets, with the remaining 50% spread across a variety of investments in Bahrain and the MENA region. The Strategic Asset Allocation will guide us for developing the international portfolio, by prioritizing asset classes, in particular the more liquid ones, to complement the illiquid nature of our existing portfolio.



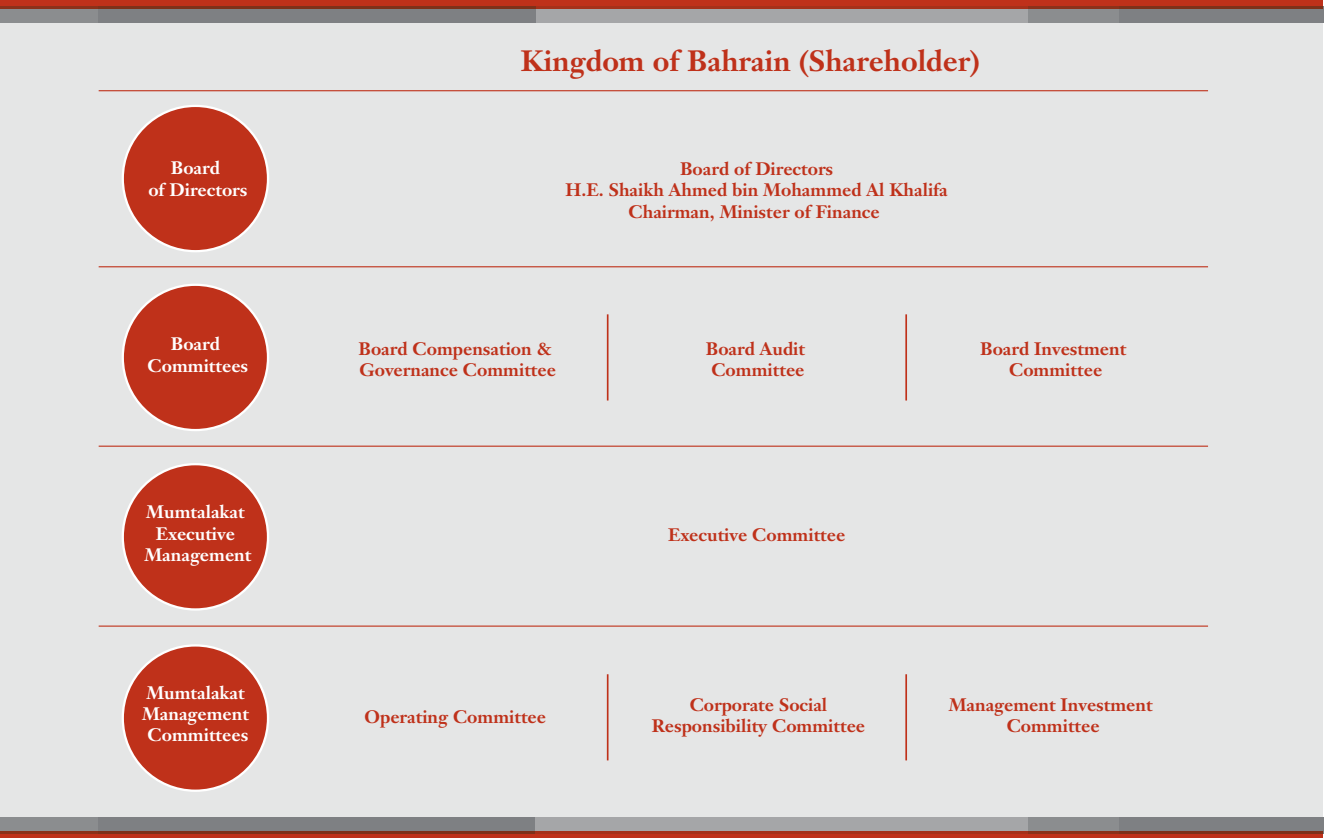
CORPORATE GOVERNANCE

Mumtalakat is committed to developing the highest standards of corporate governance.

Mumtalakat voluntarily complies with Bahrain’s newly enacted Corporate Governance Code (the “Code”). The Code was developed in a consultative process involving the Ministry of Industry and Commerce, the Central Bank of Bahrain and the National Corporate Governance Committee (a steering committee created under the auspices of the Ministry of Industry and Commerce composed of public and private sector stakeholders), and is effective from January 1, 2011. The Code applies to all companies that are incorporated under the Bahrain Commercial Companies Law, whose shares are listed on the Bahrain Stock Exchange. However, the Code can also function as a model and reference framework for all other companies, including unlisted Bahraini companies and foreign companies doing business in Bahrain. The Code is a testament to the Government’s commitment to sound corporate governance principles and making Bahrain an attractive business environment.

The Code is based upon nine core principles of corporate governance reflecting international best practices, including in the areas of board evaluation, internal control, remuneration of officers and directors, shareholder participation and publicly available written corporate governance guidelines. The Code supplements the Bahrain Commercial Companies Law, but goes beyond the requirements on several points. Examples include the Code’s recommendations that the Chairman of the Board and the CEO should not be the same person, and that at least 50% of the members of the Board of Directors should be non-executive directors. The Code also calls for companies to operate within a “comply or explain” corporate governance framework, which means that companies should comply with the recommendations, or give an explanation in the case of non-compliance.

The corporate governance structure of Mumtalakat is as follows:



Board of Directors

Mumtalakat’s Board of Directors is appointed by resolution of the Economic Development Board and convenes at least four times a year.

The Board of Directors 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, including reviewing and approving:

- The administrative and financial policies necessary to organise Mumtalakat’s business and supervision of their implementation;
- The organisational structure of Mumtalakat and personnel policies;
- Mumtalakat’s annual budget and audited accounts; and
- Periodic reports concerning funding of Mumtalakat’s business and adoption of the necessary decisions concerning them.

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

The Board of Directors reviews and approves Mumtalakat’s annual budget and asset allocation strategy. Within the limitations adopted by the annual budget and asset allocation strategy, Mumtalakat’s Board Investment Committee must approve any investment and divestment activity exceeding BD25 million (US\$66.5 million).

Investment and divestment transactions below BD25 million (US\$66.5 million) can be approved by the Management Investment Committee, if such activity has been pre-approved by the Board of Directors within the annual budget and asset allocation strategy.

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; supports the Chairman in the performance review of the Board and its sub-committees; and establishes Mumtalakat’s corporate governance framework.

The Committee meets at least twice a year. Its members are appointed by the Board, and comprise three members, all of whom are non-executive directors.

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 to be undertaken by KPMG, who conducts internal audits of Mumtalakat; assessing the independence, accountability and effectiveness of the external auditor; and evaluating the adequacy and effectiveness of Mumtalakat’s procedures and systems (such as the management reporting processes) for ensuring compliance with legal and regulatory requirements and internal policies.

The Board Audit Committee meets at least once every quarter, and its members are appointed by the Chairman of the Board. The Board Audit Committee comprises a minimum of three members, the majority of whom are independent non-executive directors. Members of the Board Audit Committee should satisfy the relevant financial literacy qualifications.

CORPORATE GOVERNANCE

Board Investment Committee

The Board Investment Committee is a non-executive committee and is independent of senior management and any executive directors. Its membership includes at least one independent director. Under its charter, the Committee's members are recommended by the Board Compensation and Governance Committee and appointed by the Board. The Board Investment Committee meets at least once every quarter.

Its duties and responsibilities include reviewing and approving investment and divestment opportunities and divestments in excess of BD25 million (US\$66.5 million); monitoring credit risks and other issues associated with specific investments; and monitoring potential insider dealing and managing any potential conflicts of interest identified in relation to prospective or existing investments.

Management Executive Committee

The Management 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 Management Executive Committee, in conjunction with the Investment and Operating Committees, oversees the day-to-day performance of Mumtalakat's investments and operations.

The Management Executive Committee meets on a weekly basis or as required to undertake its role effectively or is so requested by any member of the Committee. The members of the Committee are appointed by the Board, and comprise the CEO, as Chairman of the Committee, the Deputy CEO, the COO, the CIO, the CFO and the VP Corporate Development. The General Counsel serves as legal counsel to the Management Executive Committee.

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 members of the Operating Committee are appointed by the Deputy CEO, and comprise the COO, CFO, General Counsel and representatives from Mumtalakat's Corporate Finance, Treasury, Human Resources and Information Technology departments. The Operating Committee meets on a weekly basis or as required.

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 (such as insurance, tax, strategic, reputational and personnel risks).

Management Investment Committee

The role of the Management Investment Committee is to oversee the day-to-day investment activities of Mumtalakat. The Management Investment Committee reviews and approves investment and divestments opportunities below BD25 million (US\$66.5 million).

The Management Investment Committee reports to the Board Investment Committee, and its members, including its Chairman, are appointed by the Board Investment Committee. The members of the Management Investment Committee comprise the CEO, as Chairman of the Committee, the Deputy CEO, the COO, the CIO and the CFO.

The General Counsel serves as legal counsel to the Management Investment Committee. The Management Investment Committee meets at least once on a monthly basis.



OVERSIGHT OF PORTFOLIO COMPANIES

As a shareholder, one of Mumtalakat’s key objectives is to implement best-in-class corporate governance structures and practices at each of its portfolio companies.

Mumtalakat’s oversight and influence of a portfolio company is exercised through its representative directors appointed to the portfolio company’s Board of Directors. Thus, the level of Mumtalakat’s influence at a given portfolio company is generally determined by the level of Mumtalakat’s ownership stake in that portfolio company. Mumtalakat selects nominees for directorships of the portfolio companies and submits the nominations to the Chairman of the Board of the Economic Development Board, who makes the final decision on their appointment.

At select companies in which Mumtalakat owns a majority stake, Mumtalakat has been more actively involved in the processes of strategy development and appointment of senior management. Mumtalakat, through its representative directors, monitors the performance of these companies and their respective managements and directors based on international standards and industry-specific key performance indicators.

Mumtalakat aims to manage its business to be sustainable on a stand-alone basis, with no reliance on the Government to provide or support its funding needs. Similarly, Mumtalakat’s expectation is that each of its portfolio companies is run by its respective directors and management teams in an independent manner that is based on long-term sustainable operating and financial practices. Each portfolio company is expected to manage and access its own funding needs, which should be done on a non-recourse basis to Mumtalakat and the Government. By instilling such principles in its portfolio companies, Mumtalakat believes that directors and managements of these companies will be encouraged to embark on commercially viable and attractive projects that are likely to receive third party funding support. In exceptional situations where portfolio companies require shareholder support, Gulf Air being such an example, Mumtalakat has worked and will continue to work with the Government to structure and deliver the appropriate assistance in a timely manner.

ENGAGEMENT WITH THE COMMUNITY

Mumtalakat has a clear responsibility towards supporting education, local communities and entrepreneurship as part of the company’s Corporate Social Responsibility Charter.

Some of the contributions made during the year 2010 included:

- Donations made to the Muharraq Social Welfare Centre, and the Bahrain Philanthropic Society;
- Sponsorship of the Bahrain International Garden Show;
- Sponsorship for the 19th Annual Exhibition of the Bahrain Business Women Society;
- Donation to cover the annual cost of a physical therapy mobile unit for people with special needs;
- Sponsorship of the Future IT Leaders, a programme arranged by the Bahrain Internet Society;
- Funding of inJAz Bahrain, a programme providing young people with a business and economic education;
- Sponsorship of 2010 Bahrain Summer organized by the Ministry of Culture and Information.



We recognize the social and environmental impact of our investment decisions and act as a catalyst for positive change in our community.



FINANCIAL SUMMARY

The Board of Bahrain Mumtalakat Holding Company (hereinafter referred to as the “Group”) is pleased to present their report along with the audited consolidated financial statements for the year ended 31 December 2010.

The Group registered a total comprehensive loss of BD221 million with increase in revenues and gross profits of 15% and 168% respectively. The operating loss was BD49 million and net loss after taking into consideration interest expense, fair value loss on derivatives and impairment losses was BD234 million compared to the net loss of BD183 million for the year ended 31 December 2009.

The Group’s total assets and equity attributable to shareholder of the parent, as at 31 December 2010, were BD5 billion and BD3 billion respectively. The increase in equity was mainly due to BD471 million capital contribution from the shareholder to Gulf Air.

The movement in equity attributable to shareholder of Bahrain Mumtalakat Holding Company was as follows:

The increase in Group revenues was primarily due to an increase in the LME price of aluminium. The strong recovery in LME price of aluminum helped Alba reverse its prior year losses by registering a net income of BD138 million. Several restructuring initiatives were undertaken at Gulf Air to reduce operating losses, achieve cost efficiencies and improve the quality of product offering and customer service. With such initiatives, Gulf Air registered a lower operating cost of BD139.6 million in 2010 (excluding one-off restructuring charges of BD48.7 million) compared to BD190 million in 2009. The share of profit from associate companies declined by about 42% as a result of lower operating income in these companies. This coupled with higher impairment losses (BD191.2 million in 2010 compared to BD42.7 million in 2009) resulted in a net loss of BD234.2 million in 2010.

Equity Movements Attributable to Shareholder of Mumtalakat	BD’000
Balance as at December 31, 2009	2,735,238
Total comprehensive loss	(251,951)
Contribution by shareholder	494,089
Other movement	51,008
Balance as at December 31, 2010	3,028,384



We work collaboratively as a team and build upon each other's strengths to achieve our goals.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	2010 BD '000	2009 BD '000
ASSETS		
Cash and bank balances	498,384	117,653
Derivative financial instruments	2,352	16,875
Trade accounts receivable, prepayments and other assets	167,660	165,350
Inventories	168,831	173,105
Investments carried at fair value through statement of income	2,607	2,386
Assets held for distribution	333,673	–
Non-trading investments	222,339	216,634
Investment in associates	920,901	1,092,683
Investment properties	473,634	817,139
Property, plant and equipment	1,352,099	1,378,036
Other assets	139,775	93,544
Goodwill	787,778	787,778
TOTAL ASSETS	5,070,033	4,861,183
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	1,163,732	1,147,675
Derivative financial instruments	146,256	173,127
Trade accounts payable, accruals and other liabilities	303,691	430,493
Employees’ end of service benefits	12,640	13,532
Obligations relating to acquired entities	196,103	210,192
Total liabilities	1,822,422	1,975,019
Equity attributable to shareholder of the parent		
Share capital	1,845,635	1,845,635
Capital contribution	1,486,415	992,326
Statutory reserve	21,252	21,252
Other reserves	368	(12,797)
Accumulated deficit	(325,286)	(111,178)
	3,028,384	2,735,238
Non-controlling interests	219,227	150,926
Total equity	3,247,611	2,886,164
TOTAL LIABILITIES AND EQUITY	5,070,033	4,861,183

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2010

	2010 BD '000	2009 BD '000
Revenue	1,190,939	1,037,746
Direct costs	1,057,869	988,025
Gross profit	133,070	49,721
Dividend income	801	1,430
Gain (loss) on investments carried at fair value through statement of income	171	(100)
Other operating income	29,636	31,993
Selling and distribution expenses	(91,969)	(95,296)
Administrative expenses	(102,591)	(84,970)
Other operating expenses	(17,993)	(26,221)
Operating loss	(48,875)	(123,443)
Share of profit of associates	47,363	82,524
Interest income	5,475	3,253
Interest expense	(36,680)	(38,668)
Fair value loss on revaluation/settlement of derivatives (net)	(10,358)	(64,162)
Impairment losses	(191,253)	(42,736)
NET LOSS FOR THE YEAR	(234,328)	(183,232)
Attributable to:		
Shareholder of the parent	(265,106)	(166,542)
Non-controlling interests	30,778	(16,690)
	(234,328)	(183,232)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010 BD '000	2009 BD '000
LOSS FOR THE YEAR	(234,328)	(183,232)
Other comprehensive income		
Movement in cumulative changes in fair values	8,991	9,124
Transfer to consolidated statement of income	3,538	(1,988)
Share of changes in equity of associates	3,976	10,469
Foreign currency translation	(3,275)	9,275
Total other comprehensive income for the year	13,230	26,880
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(221,098)	(156,352)
Attributable to:		
Shareholder of the parent	(251,951)	(139,460)
Non-controlling interests	30,853	(16,892)
	(221,098)	(156,352)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	2010 BD '000	2009 BD '000
OPERATING ACTIVITIES		
Net loss for the year	(234,328)	(183,232)
Adjustments for:		
Depreciation	114,278	121,852
Fair value loss on derivatives	10,358	64,162
Loss on investments carried at fair value through statement of income	(171)	100
(Gain) loss on non-trading investments	(224)	1,142
Loss on sale of investment in associate	16,630	849
Share of profits of associates	(47,363)	(82,524)
Impairment loss on non-trading investments, investment in associates and investment properties	191,253	42,736
(Write back) provision for impairment on trade accounts and other receivables	(4,833)	2,279
Loss on disposal and write-off of property, plant and equipment	1,613	24,649
Interest income	(5,398)	(3,253)
Interest expense	36,540	38,668
Employees' end of service benefits	1,926	1,437
Operating profit before changes in operating assets and liabilities	80,281	28,865
Changes in operating assets and liabilities:		
Inventories	4,879	62,446
Trade accounts receivable, prepayments and other assets	2,523	61,284
Trade accounts payable, accruals and other liabilities	(56,247)	(40,511)
Cash from operating activities	31,436	112,084
Interest paid	(37,261)	(38,668)
Derivative financial instruments	(22,706)	(3,160)
Employees' end of service benefits paid	(2,818)	(1,825)
Net cash (used in) from operating activities	(31,349)	68,431
INVESTING ACTIVITIES		
Investment in associates	(1,600)	(350)
Purchase of non-trading and other investments	(454)	(72,480)
Proceeds from sale of non-trading investments and other investments	1,126	2,327
Proceeds from sale of investment in associate	12,784	1,521
Purchase of property, plant and equipment	(94,393)	(176,583)
Investment in properties	(353)	(307)
Proceeds from disposal of property, plant and equipment	4,822	99,235
Other assets	(47,364)	(50,899)
Dividends from associates	41,691	39,746
Net cash used in investing activities	(83,741)	(157,790)
FINANCING ACTIVITIES		
Capital contribution	400,000	13,025
Proceeds from borrowings	575,915	222,007
Repayment of borrowings	(393,617)	(189,509)
Dividend paid to non-controlling interests	(16,639)	(6,348)
Acquisition of non-controlling interests	(17,271)	–
Amount received from non controlling interests	122,366	–
Interest received	5,398	3,253
Margin deposits with brokers and other deposits	(4,763)	(7,221)
Obligations relating to acquired entities	(14,089)	(102,947)
Net cash from (used in) financing activities	657,300	(67,740)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	542,210	(157,099)
Cash and cash equivalents at beginning of the year	(66,947)	90,152
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	475,263	(66,947)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	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	Accumulated deficit BD '000	Total BD '000	BD '000	BD '000
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	-	-	-	26,868	214	27,082	(202)	26,880
Total comprehensive income	-	-	-	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
Loss for the year	-	-	-	-	(265,106)	(265,106)	30,778	(234,328)
Other comprehensive income	-	-	-	13,165	(10)	13,155	75	13,230
Total comprehensive income	-	-	-	13,165	(265,116)	(251,951)	30,853	(221,098)
Contribution by the shareholder	-	494,089	-	-	-	494,089	-	494,089
Dividend paid to non-controlling interests	-	-	-	-	-	-	(16,639)	(16,639)
Acquisition of non-controlling interests	-	-	-	-	-	-	(17,271)	(17,271)
Amounts received								
from non-controlling interests	-	-	-	-	51,008	51,008	71,358	122,366
Balance at 31 December 2010	1,845,635	1,486,415	21,252	368	(325,286)	3,028,384	219,227	3,247,611