

Alignment leads to sustainable growth

Annual Report 2014



Investing for Bahrain

Bahrain Mumtalakat Holding Company ("Mumtalakat") was established in June 2006 as an independent holding company to actively manage and grow a diverse portfolio of commercial assets.

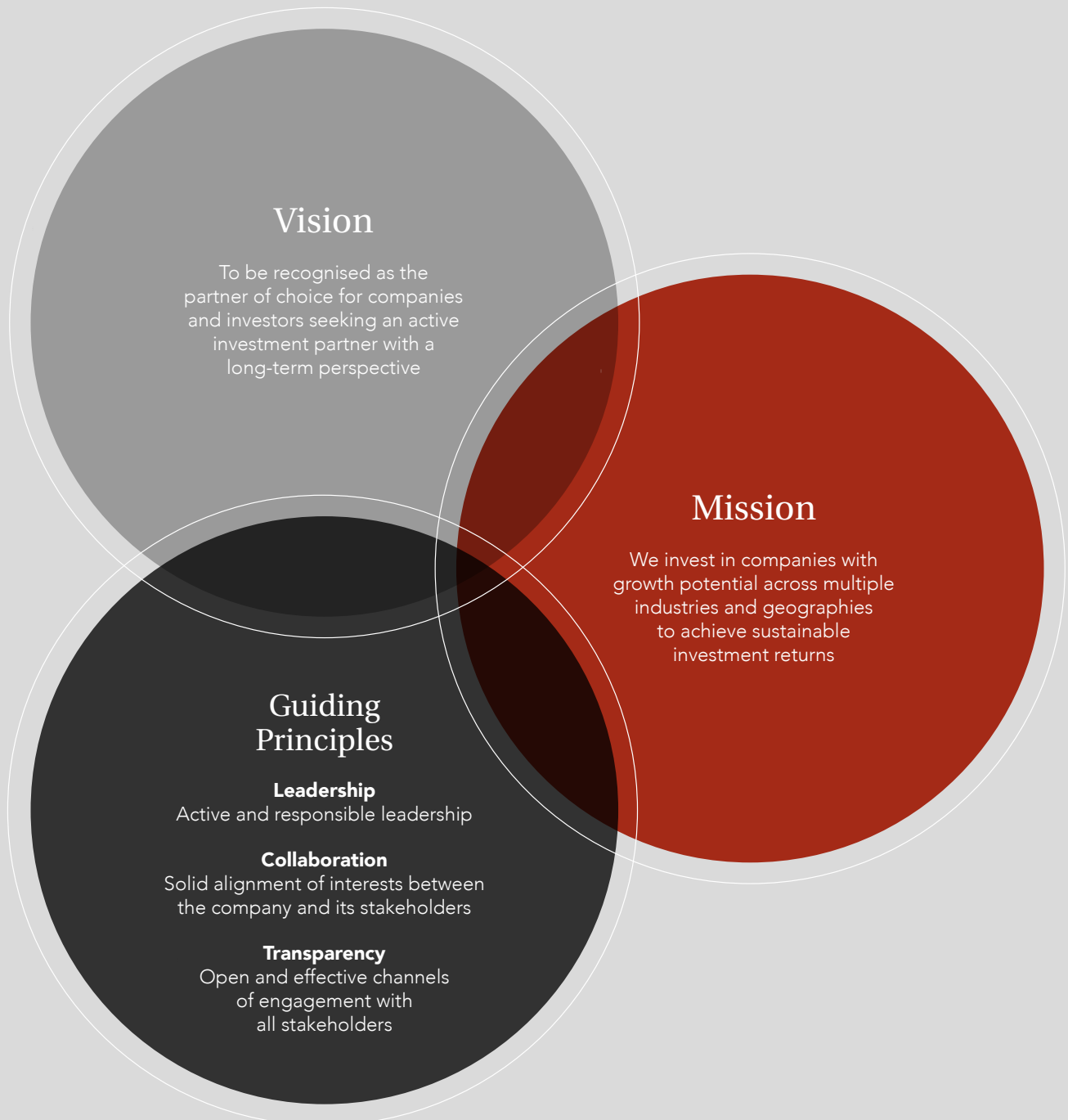
Mumtalakat manages its portfolio with the objective of enhancing the performance and returns of its assets.

Furthermore, it actively seeks to invest in commercially sound and sustainable opportunities locally, regionally and internationally.

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Our approach



Chairman's letter



Khalid bin Abdulla Al Khalifa

Following 2014's successful performance, we are confident that the momentum will continue in 2015 and beyond.

I am very pleased to report that 2014 was another excellent year for Mumtalakat and we have many reasons to be very proud of what has been achieved.

The strength of our financial results reflects the value of our approach to active management of our portfolio, and demonstrates our progress towards expanding the wealth of Bahrain for sustainable, long-term growth. We have achieved group revenues growth of 11% (to BD 1.2 billion) and operating income growth of 60% (to BD 113.1 million) as a result of the company's very encouraging operating performance.

This success has been a team effort. In 2014, we continued to manage our portfolio with very much a commercial mind-set. This focus on commercial returns guides all of our business activity, particularly when it comes to decisions about new investments.

In diversifying our portfolio we are committed to introducing efficiency and value-enhancing initiatives. This will help to ensure long-term success and sustainability across our portfolio. Alongside our commitment to fair and active leadership, we promise to adhere to the highest standards of corporate governance and transparency. For example, we conducted a training programme for the representative directors within our portfolio companies to promote international best practice standards as the norm across our businesses.

Following 2014's successful performance, we are confident that the momentum will continue in 2015 and beyond. Whilst the oil price slump that began in the second half of 2014 will have an impact on the regional economy, Mumtalakat's mandate means that we have no direct investments in the oil sector. Thus, the impact of oil price decline on us has been negligible.

Our investments in the non-oil sector in Bahrain and

the wider Gulf remain healthy, and will drive growth going forward.

Further underpinning our confidence in the medium to long-term prospects of both Bahrain and the wider GCC, are the region's robust economic fundamentals.

Sustained growth in the GCC will continue to support growth in Bahrain's economy which has been driven by expansion in a number of areas, including financial services, manufacturing, transport, ICT, construction, private education and healthcare.

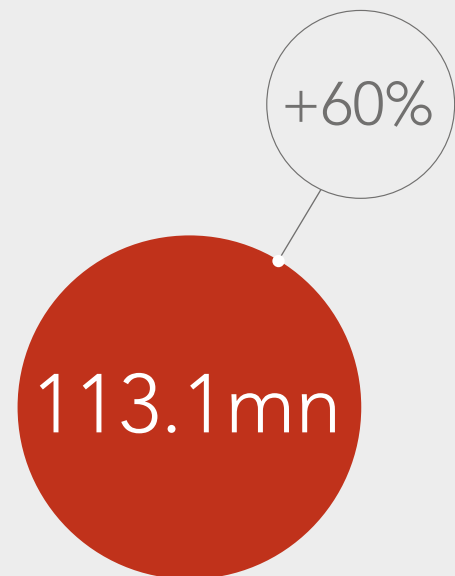
These trends have helped to underpin strong growth in our main markets and sectors. We expect that they will continue to do so in the coming years, despite the headwinds currently being experienced across the global and regional economies.

Mumtalakat is confident that it has a successful strategy, the best possible people and the expertise essential to securing sustainable financial and economic returns to Bahrain.

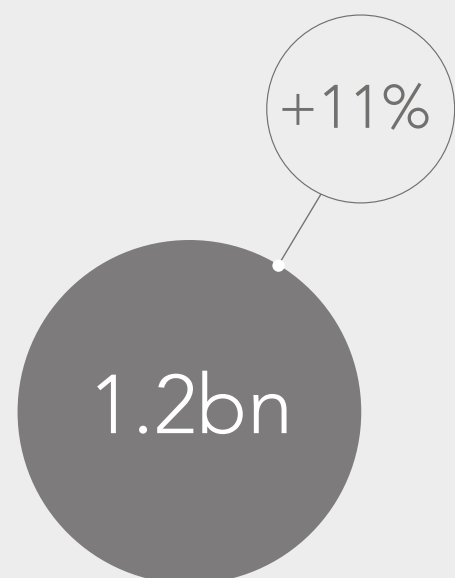
I look forward to many more successful and profitable years for Bahrain.

Khalid bin Abdulla Al Khalifa
Chairman of the Board of Directors

Operating Income Growth (BD)



Group Revenue Growth (BD)



Chief Executive Officer's letter



Mahmood Hashim Al Kooheji

We have long placed an emphasis on both active collaboration and transparency here at Mumtalakat.

When we plan to invest in a business, we look to make sure that they share our principles and uphold the same world-class standards of corporate governance towards which we also strive.

Mumtalakat's performance in 2014 is one that leaves us confident about our prospects in 2015 and beyond.

Our portfolio businesses performed very well in the past year. The fundamental strengths of the sectors and geographies in which they operate, along with restructuring efforts to improve efficiency, have led to high commercial returns that are sustainable for the long-term.

2014 was also a year for investment in new opportunities.

We invested in GEMS MENASA, as part of a consortium that acquired a stake in the market leading regional education business which has a significant potential to expand across the GCC and into Asia. With PRO Unlimited, we gained further exposure to non-GCC markets in a business that provides highly skilled contingent labour management services to some of the world's biggest companies.

In the past year, we partnered with internationally renowned and respected partners, and made investments in successful companies from a range of sectors that help us strengthen and diversify our portfolio.

2014 was a year that demonstrated the resilience of our portfolio and the strength of opportunities available to Mumtalakat in 2015 and beyond. The volatility of the oil price in the latter half of the year has undoubtedly attracted much international attention, but Mumtalakat's model and remit ensures our exposure is very limited, as our portfolio is diversified both in terms of sectors and, increasingly, in terms of our geographic exposure.

We are also confident in our ability to fund ourselves from bank finance and in international capital markets. This was evidenced in 2014 by the successful tap of our sukuk programme and the extension of our revolving credit facility.

On the back of such an excellent year, we go into 2015 with a robust pipeline. We are actively looking to make long-term investments in businesses aiming to thrive and grow their profits. We achieve this by ensuring that we find the right partners with the right businesses and the right fit for lasting and successful collaboration.

In today's market, capital is freely available. In order to be a compelling, attractive partner for businesses and investors, Mumtalakat must demonstrate its unique strengths. This is why it is important that we bring valuable industry and regional expertise to our partnerships.

We have expert knowledge of the GCC market – a \$1.6 million economy with compelling economic growth fundamentals underpinned by favourable demographics, greater regional and international connectivity and increasing diversification. We have a large in-house team of investment professionals. We also have an extensive network within the private sector and governments in the GCC. This means that we can add real value to businesses and investors looking to tap into this thriving market.

Our investment is not purely financial. Mumtalakat is an active investor – meaning that we take a hands-on approach to managing our portfolio companies. We have many years of management experience, and this has given us extensive business experience in a number of sectors.

This expertise will only provide benefits if the right values are in place. We have long placed an emphasis on active collaboration and transparency both here at Mumtalakat and within our portfolio businesses. When we plan to invest in a business, we look to make sure that they share our principles and uphold the same world-class standards of corporate governance towards which we also strive.

Those values exist only in so far as our people uphold them and for that reason, I would like to take this opportunity to thank them for all the work they have done this year and for the quality and the professionalism of their efforts.

2014 was a great year for Mumtalakat. We reaped the fruits of our efforts in recent years to re-energise our portfolio businesses, we deployed our capital in acquiring stakes in businesses with excellent long-term potential, and we put in place the foundations to build on this in 2015 and the years to come.

Mahmood Hashim Al Kooheji
Chief Executive Officer

Our Guiding Principles

All of the work Mumtalakat does is guided by the three key principles: leadership, collaboration and transparency.

Leadership



Collaboration



Transparency





Our guiding principles

Leadership

Active & responsible
leadership.





Our guiding principles

Collaboration

Solid alignment of interests between the company and its stakeholders.



The background of the entire page is a high-contrast, black and white photograph of water droplets. The droplets are of various sizes, some in sharp focus in the foreground, creating a textured, shimmering effect, while others are blurred in the background, creating a bokeh effect. The lighting is dramatic, highlighting the edges of the droplets against a dark, almost black background.

Our guiding principles

Transparency

Open and effective
channels of engagement
with all stakeholders.



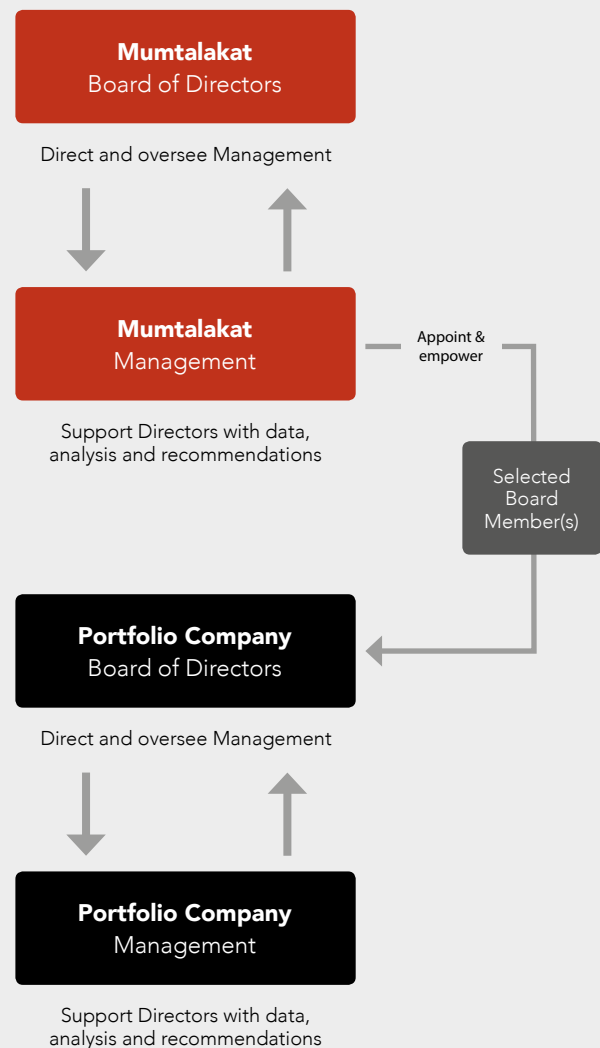
Highlights

Portfolio oversight

Mumtalakat is committed to building successful partnerships with its portfolio companies and making sure that they are run by world-class managers with hands on experience in the sector. As a shareholder, it also focuses on implementing effective corporate governance practices at the holding company level and supports and encourages each of its portfolio companies to do the same. For example, in 2014 Mumtalakat conducted a training programme for the representative directors of its portfolio companies on international best practice in corporate governance.

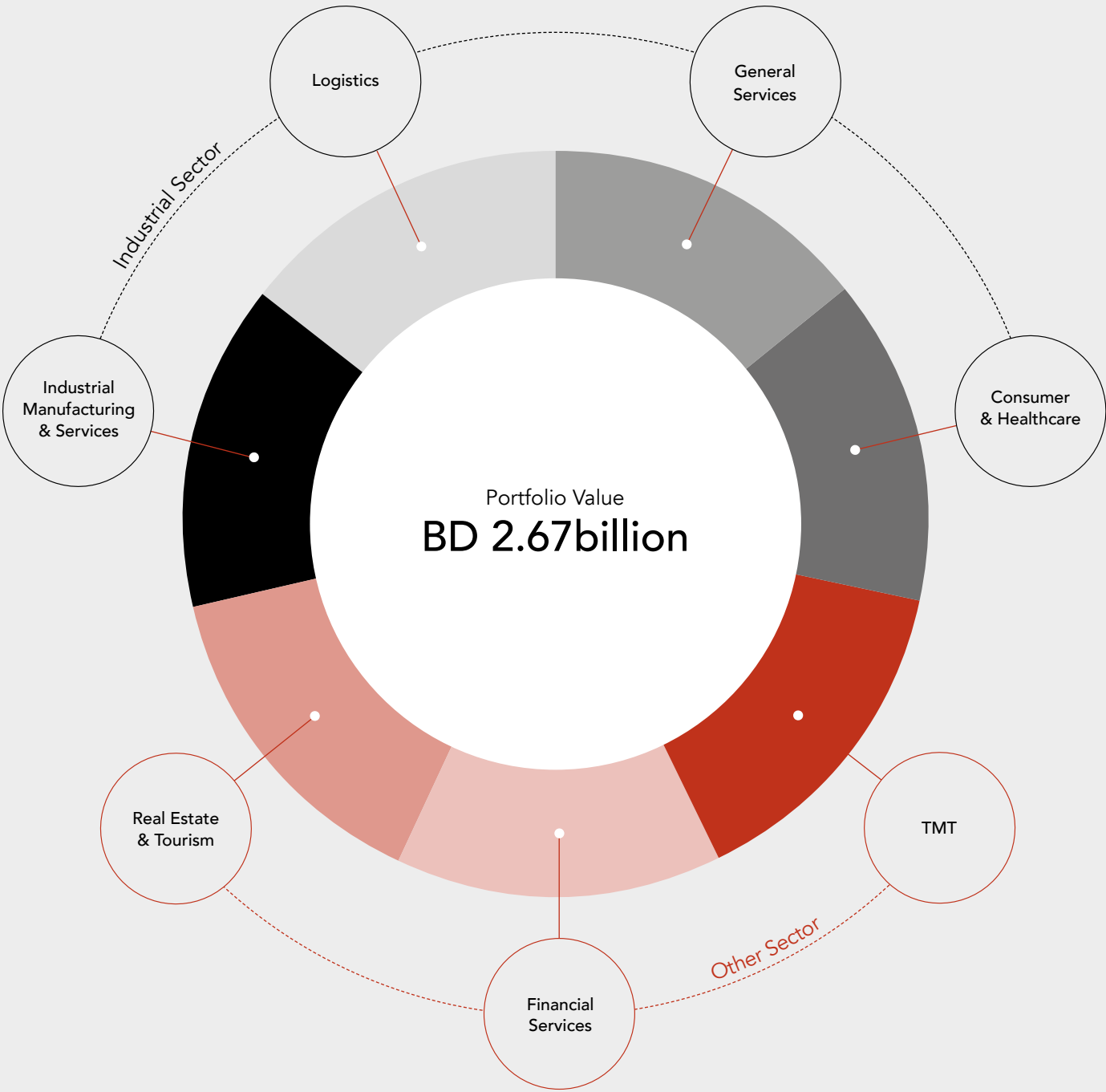
Mumtalakat's oversight and influence over a portfolio company is exercised through its representative directors appointed to the portfolio company's board of directors. Thus, the level of Mumtalakat's influence over a given portfolio company is generally determined by the size of Mumtalakat's ownership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

**Mumtalakat's Board of Directors
is appointed by resolution of the EDB**



The above diagram illustrates the governance model used by Mumtalakat and the Government to maintain effective oversight of Mumtalakat's portfolio companies.

Mumtalakat Portfolio by Sector and Total Portfolio Value (BD) as of December 31, 2014



Sectors Overview

Industrial Manufacturing & Services

The long history of aluminium production in Bahrain, accompanied by decades of investment in the wider sector has led to the development of a sizeable downstream industry, including companies such as Gulf Aluminium Rolling Mill Company (GARMCO) in which Mumtalakat owns a 37% stake. Alongside this downstream industry, long-term development of human capital and productivity has meant that the aluminium sector has considerably evolved from its original rationale of inexpensive energy inputs.

ALBA continues to perform strongly and 2014 saw a record production of 931,427 metric tonnes and an increase in net income of 21% to US\$257 million. Further growth is set to be supported by the proposed development of a sixth production line in the coming years.

This maturity reflects the broader strength of Mumtalakat's industrial manufacturing and services portfolio which includes established regional businesses as well as leading international companies that are well placed to respond to rising demand within the region and opportunities globally.

Portfolio companies

Aluminum Bahrain (ALBA)

Arab Petroleum Investment Corporation (APICORP)

Arab Petroleum Services Company

Arab Shipbuilding & Repair Yard Company (ASRY)

Gulf Aluminum Rolling Mill Company (GARMCO)

McLaren Automotive Limited

McLaren Group Limited





Alba

Aluminium Bahrain B.S.C. (Alba) is one of the largest single-site aluminium smelters in the world.

Alba is listed on both the Bahrain Bourse and the London Stock Exchange and its shareholders are Bahrain Mumtalakat Holding Company (69.38%), SABIC Industrial Investment Company (20.62%) and the General Public (10%).

Alba officially commenced operations in 1971 as a 120,000 tonnes per annum smelter. Today, it produces more than 930,000 metric tonnes per annum of the highest grade aluminium, with products including standard and T-ingots, extrusion billets, rolling slab, properzi ingots, and molten aluminium. Around 50% of its output is supplied to Bahrain's downstream aluminium industry, with the rest exported to regional and international customers.

Sectors Overview

Logistics

In 2014, the regional aviation sector saw increased passenger volumes and lower fuel costs, which have impacted performance for the better. Gulf Air's encouraging results reflect this, alongside strong demand in the market and the benefits of the company's restructuring plan. Performance in 2014 has significantly contributed towards putting the airline on a sustainable long-term footing. In the last two years, Gulf Air has been able to expand the number of routes it flies and invest in the quality of the fleet whilst limiting fixed costs by reducing headcount.

Aviation and the broader logistics sector in the Gulf continue to be driven by strong economic growth and the growing integration of the region in global trade and travel flows. Within the aviation market, Gulf Air has been particularly focused on regional traffic and business travel – where price sensitivity is very high and Gulf Air's regional network is particularly well suited.

Across the Gulf there is also increasing economic integration, driving trade within the GCC, and greater connectivity to markets in Europe, Asia and Africa – placing logistics within the region at the centre of global trade and travel.

Mumtalakat is active in pursuing commercially viable opportunities in the logistics sector.

Portfolio companies

Bahrain Airport Company

Gulf Air

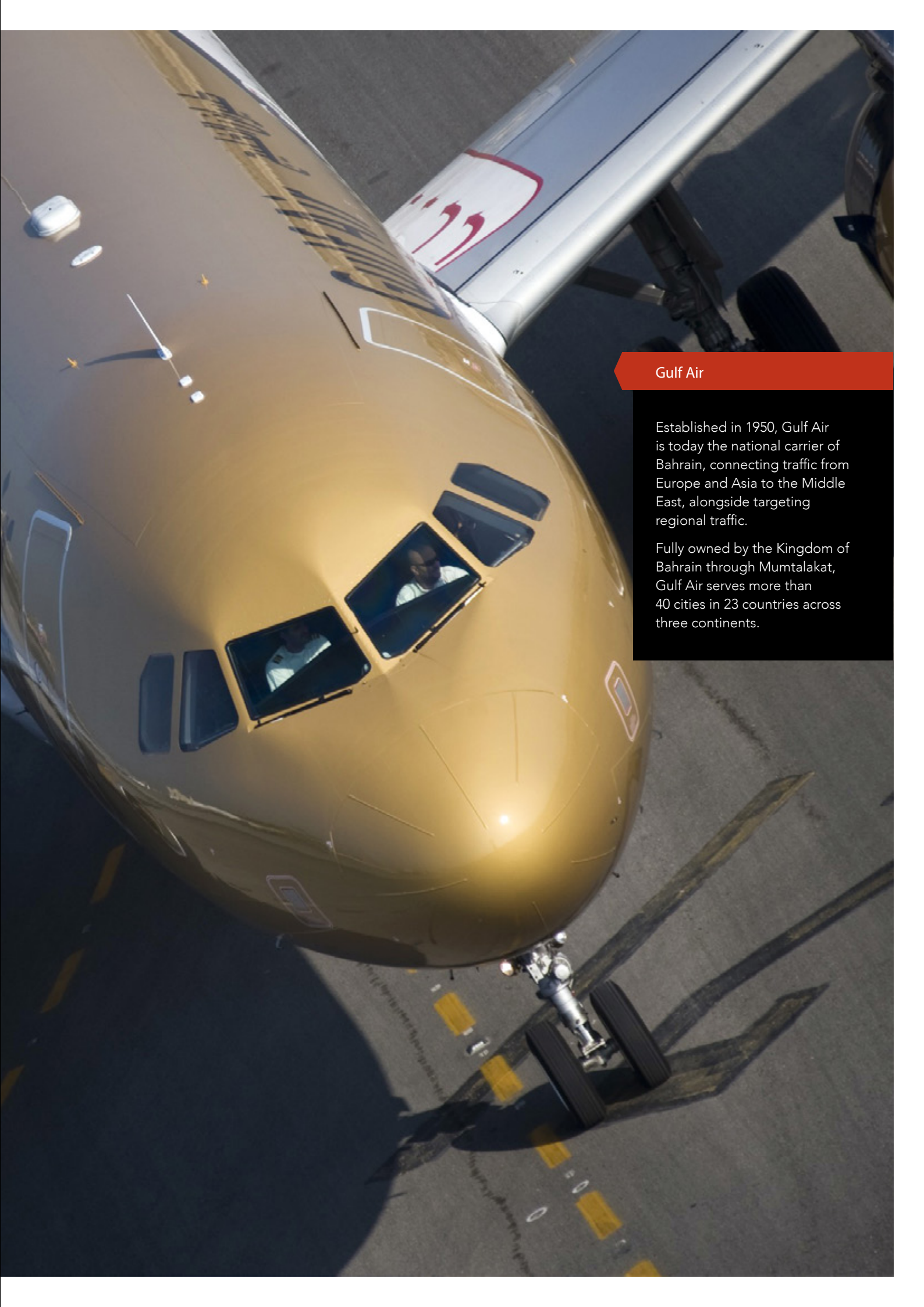
Gulf Aviation Academy

Hawar Aviation Company

Arab Maritime Petroleum Transport Company (AMPTCo)

United Arab Shipping Company (UASC)





Gulf Air

Established in 1950, Gulf Air is today the national carrier of Bahrain, connecting traffic from Europe and Asia to the Middle East, alongside targeting regional traffic.

Fully owned by the Kingdom of Bahrain through Mumtalakat, Gulf Air serves more than 40 cities in 23 countries across three continents.

Sectors Overview

General Services

The GCC's demography is highly supportive of the region's services sector and while there is a particular need to develop and manage a skilled workforce within the GCC, there is also rising demand across a range of emerging markets in Asia, as well as in established markets in North America and Europe.

The Gulf's young and rapidly expanding population means that there is a strong demand for education – and a need to create quality employment means that governments around the region are focused on education as a means of preparing nationals for the global jobs market. Furthermore, there is openness towards private provision of these services which means that private education has consistently ranked among the fastest growing sectors of the Bahraini economy in recent years.

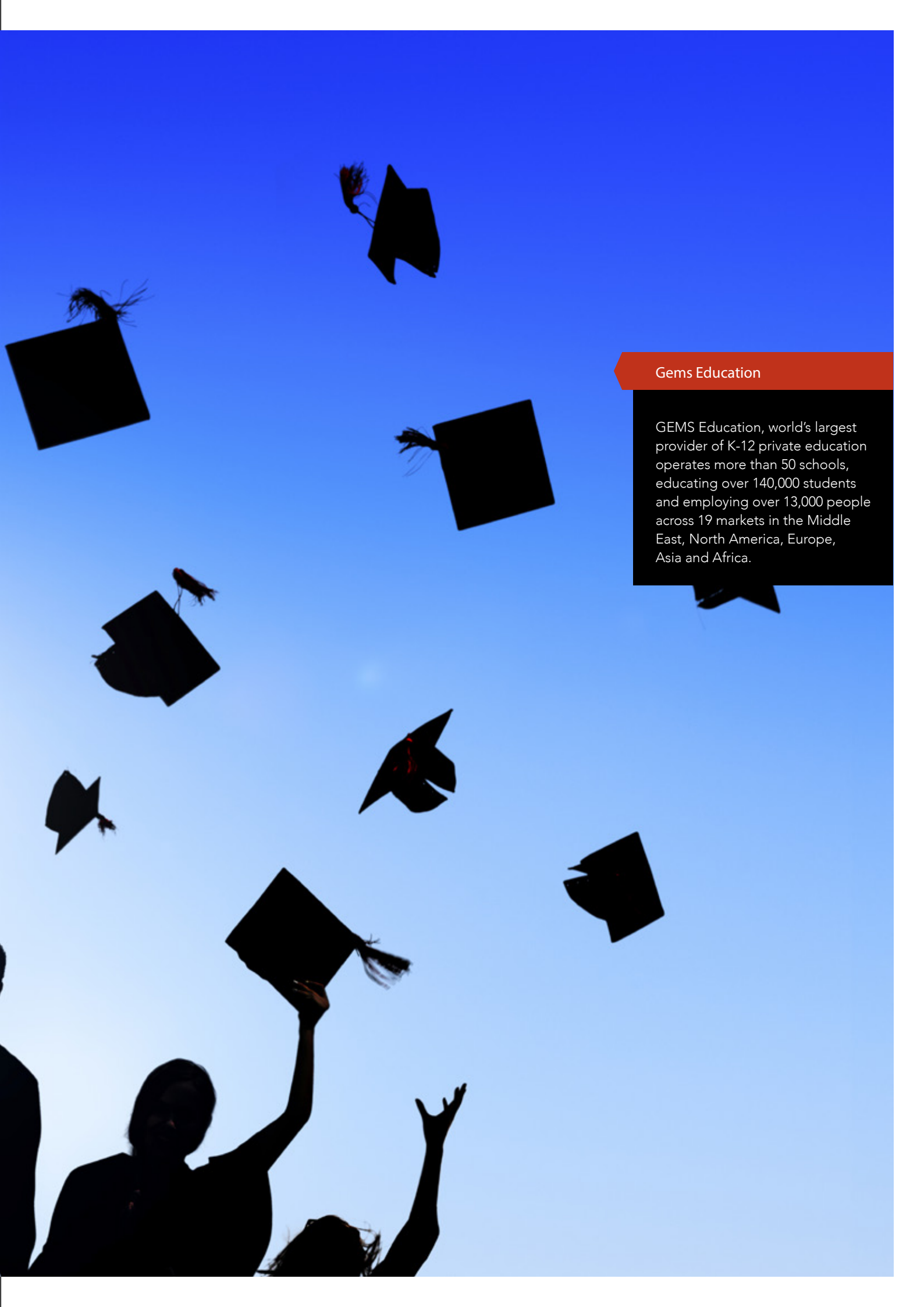
In 2014, Mumtalakat made two acquisitions that will particularly help it gain exposure to a number of growth opportunities. As part of a consortium, alongside Blackstone and Fajr Capital, the fund acquired a significant minority stake in GEMS MENASA. Mumtalakat was also part of a consortium, alongside Investcorp, that acquired PRO Unlimited, a United States-based company that provides workforce management services to some of the largest and most prestigious companies in the Fortune 500. Both acquisitions have been performing in line with expectations to date and Mumtalakat anticipates seeing continued growth in the coming years.

Portfolio companies

GEMS MENASA

Pro Unlimited





Gems Education

GEMS Education, world's largest provider of K-12 private education operates more than 50 schools, educating over 140,000 students and employing over 13,000 people across 19 markets in the Middle East, North America, Europe, Asia and Africa.

Sectors Overview

Consumer & Healthcare

A key focus area for Mumtalakat's investment team is growing the portfolio of companies in the food sector into regionally competitive enterprises built on a commercial mindset. This includes modernising facilities, enhancing the organisational structure, improving operating efficiencies and expanding into value-added products. Beyond the existing portfolio, the investment team is also actively seeking investment opportunities both locally and globally. In particular, this consists of investing in established and growing businesses that benefit from key long term trends such as the growth of emerging markets, rise of digital consumers, increased importance of convenience, and higher levels of health awareness. Locally, the team will work to partner with industry leading firms to build local ventures in the food and consumer sectors seeking to establish a foothold in the region.

The healthcare team is actively working on building Mumtalakat's portfolio in this sector. Current trends and challenges in the healthcare sector can be summarised in the burden of a growing and aging population, global surge in non-communicable diseases, accelerating healthcare costs at a time where budgets are constrained and perpetual industry transformation due to continuous technological advancement. Consequently, the team is focusing on investment opportunities in healthcare with the potential of creating high value at lower costs. For instance, possible diversification opportunities the team is interested in is healthcare services adjacencies like rehabilitation centers, post-acute care and home care to name a few. The pharmaceutical industry and medical technology also holds the team's interest. Potential diversification opportunities can be in generic manufacturing plants, pharmaceutical distribution network and low-cost medical devices.

Portfolio companies

Arab Company for Drug Industries
& Medical Appliances (ACDIMA)

ASMAK

Bahrain Flour Mills Company

Bahrain Livestock Company

General Poultry Company





Bahrain Flour Mills Company

Bahrain Flour Mills Company, listed on the Bahrain stock exchange, is the primary provider of flour in the Kingdom with a total milling capacity of 420 tonnes per day. The principal activities of the company are the import of wheat and the production of wheat flour and related products. Mumtalakat owns 65.7% of BFM, while Kuwait Flour Mills is a founding shareholder owning 7.5% of the company. The remaining 26.8% of the shares are publicly owned.

Sectors Overview

Telecommunications, Media & Technology (TMT)

The Gulf is one of the world's most highly connected regions, among the leaders in international rankings of mobile and broadband internet penetration. Strong economic growth coupled with market convergence – across content, media and applications – is creating additional opportunities for innovative businesses like Batelco to move into newer services and platforms.

Competition within Bahrain and the wider region means that innovation and providing these new services and platforms is crucial to the future success of businesses in the TMT sector. However, competition is something to which Batelco has long been accustomed and provides a strong opportunity for the business to thrive.

Portfolio companies

Arab Satellite Communications Organisation

Bahrain Telecommunications Company (Batelco)

Hawar Holding Company





Batelco

Batelco is an integrated telecommunications provider listed on the Bahrain Stock Exchange. Batelco serves both the corporate and consumer markets in Bahrain and delivers fixed and wireless telecommunications services to its customers in Bahrain, Kuwait, Saudi Arabia, Jordan, Yemen, Egypt and Maldives.

Batelco offers end-to-end telecommunications solutions for its residential, business and government customers in Bahrain on Next Generation, all IP fixed and 4G wireless networks and MPLS based regional data solutions; and GSM mobile and WiMax broadband services across the countries in which it operates.

Sectors Overview

Financial Services

The Middle East market has seen a rapid increase in demand for a wide range of financial services in recent years. Likewise, Bahrain's role as a mature financial centre over 40 years old, means that it has a sizeable base of expertise within the Kingdom, enabling institutions to expand internationally.

Not only is rapid economic growth within the Gulf spurring demand for financial services to fund that growth, but as governments look to diversify sources of funding for planned major projects, private capital is likely to have a greater role to play. Likewise, alongside growing demand, there is also a demand among investors and consumers for increasingly sophisticated products.

Bahrain's position as a financial centre has been underpinned for decades by the quality of its regulation. The Central Bank of Bahrain is highly respected around the world – its tried and tested approach gives assurance to international investors who are looking to gain exposure to the region and means we remain confident about the long term durability of Bahrain's position as a financial centre.

Portfolio companies

Arcapita Group

Arcapita Investment Management

Dar Al-Maal Al Islami Trust

Gulf International Bank (GIB)

Gulf Investment Corporation (GIC)

National Bank of Bahrain (NBB)

Oasis Capital Bank

The Arab Investment Company





NBB

Established in 1957 as Bahrain's first locally owned bank, the National Bank of Bahrain ('NBB') is now one of Bahrain's leading providers of retail and commercial banking services.

NBB has a major share of the total domestic commercial banking market and a network consisting of 24 branches and 54 ATMs. NBB has also expanded internationally through its branches in Abu Dhabi and Riyadh. The Bank also recently obtained a license from the UAE regulatory authorities to open a branch in Dubai.

Sectors Overview

Real Estate & Tourism

A recent report by Business Monitor International suggested that tourism indirectly contributed 10% of Bahrain's GDP and the large number of visitors to the Kingdom – equivalent to almost the country's population on a monthly basis – underlines the important role it has to play.

Mumtalakat's real estate development projects reflect the potential to create destinations – in particular in the south of Bahrain – that can tap into and develop the existing visitor traffic to Bahrain, which includes a large amount of regional visitors with high levels of disposable income. The growth in visitors is also being supported by large infrastructure investments in regional connectivity – including the expansion of Bahrain International Airport, the development of a second causeway to Saudi Arabia and the GCC rail project. The Fairmont Bahrain Resort, a joint venture between Fairmont Hotels & Resorts and Edamah announced in February 2015, takes full advantage of these developments in infrastructure projects in the Kingdom with the planned opening of a 215-room luxury resort in 2018.

Within the current property portfolio Edamah has seen continued progress in driving value within its portfolio.

In addition to Edamah, Bahrain International Circuit saw great success in 2014, as it celebrated the 10th anniversary of Bahrain's Formula 1 Grand Prix and hosted the first night race, marking the event as a key cultural and tourism event in the Kingdom's calendar.

Portfolio companies

Atbahrain

Bahrain International Circuit Company

Bahrain International Golf Course Company

Bahrain Real Estate Investment (Edamah)

Durrat Khaleej Al Bahrain

Al Jazeera Tourism Company

Southern Area Development Company

Southern Tourism Company



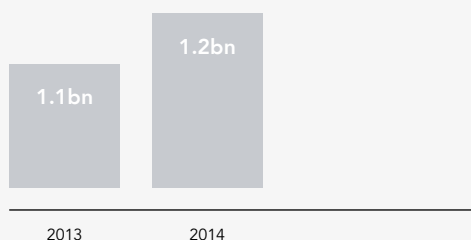


Edamah

Edamah is a Closed Bahraini Joint Stock Company, incorporated in the Kingdom of Bahrain on 24 May 2006. Edamah was established to develop and manage government properties and lands in Bahrain and in the region. It is assigned the responsibility of developing and managing selected government properties, either by itself or as a co-developer, on land which it owns and also selectively undertakes projects on lands owned by other ministries or other entities.

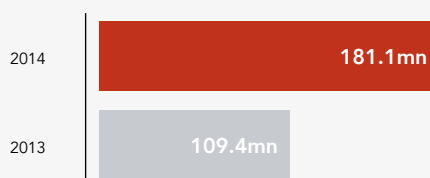
Group financial highlights

BD 1.2 billion
+11%



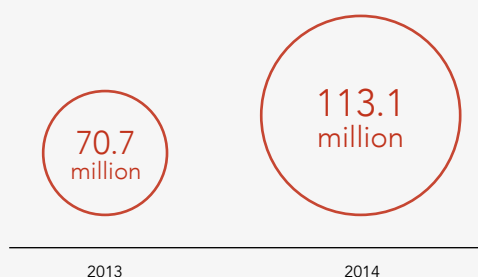
Group revenues

BD 181.1 million
+66%



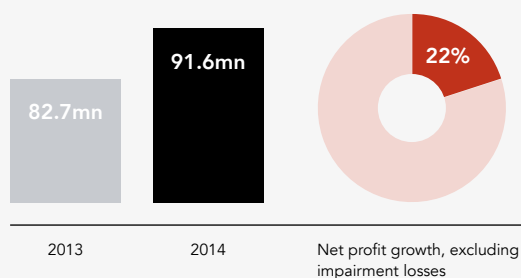
Gross profit

BD 113.1 million
+60%



Operating income

BD 91.6 million
+11%



Net profit

2014

Total assets =

BD 4.2 billion

Financial summary

2014 was a strong year for Mumtalakat and the financial results saw a considerable improvement over the previous year as a result of an improved operating performance.

Group revenues for the year rose by 11% to BD 1.2 billion, an advance that is primarily attributable to higher sales reported both by Alba and Gulf Air, which are both principle companies of the Group. Alongside the growth in revenue, strong cost control meant that direct costs rose by less than 5%, resulting in a 66% increase in gross profit to BD 181.1 million.

This continuing focus on revenue enhancement and cost control within the group has contributed to a significant increase in operating income by 60% to BD 113.1 million for the year from BD 70.7 million in 2013.

The overall result was a net profit for the year of BD 91.6 million, 11% higher than the previous year (2013: BD 82.7 million). Impairment in the year amounted to BD 34.4 million (2013: BD 20.9 million) while net profit before impairment grew by 22%.

During the year, a number of Mumtalakat's major portfolio companies achieved strong operating successes:

Gulf Air reported revenues of BD 349.4 million for the year, an increase of 14% (2013: BD 307.2 million), as a result of increased passenger volumes and yields on routes. With improved cost controls and operating efficiencies, Gulf Air was able to register a net profit for the year after impairments and government grants of BD 15.9 million, compared to a net loss of BD 12.0 million in 2013.

Alba achieved a 9.7% increase in revenue (BD 821.7 million in 2014 compared to BD 749.3 million in 2013) on the back of higher LME prices for aluminium, particularly in the second half of the year. Alba also achieved higher premiums on its value-added products. As a result, Alba achieved a net profit for the year of BD 96.4 million in 2014, compared to a net profit of BD 79.8 million in 2013.

Bahrain Telecommunications Company ("Batelco") grew its net profit by 12%, making a contribution to the group net profit of BD 17.7 million.

National Bank of Bahrain increased net profits by 4%, contributing BD 24.3 million to the group net profit.

The overall result was a net profit for the year of BD 91.6 million, 11% higher than the previous year.

Independent Auditor's Report



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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Chairman and Board members
Bahrain Mumtalakat Holding Company B.S.C. (c)
Manama, Kingdom of Bahrain

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2014, the summary consolidated statements of income and other comprehensive income, cash flows and changes in equity for the year then ended and related notes, are derived from the audited consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C. (c) (the "Company") for the year ended December 31, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated May 26, 2015. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of the Group. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements, derived from the audited consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C. (c) for the year ended December 31, 2014, are consistent, in all material respects, with those consolidated financial statements on the basis described in Note 1.

Manama, Kingdom of Bahrain
August 27, 2015


Deloitte & Touche - Middle East

Consolidated statement of financial position

As of 31 December 2014	2014 BD '000	2013 BD '000
ASSETS		
Cash and bank balances	348,250	245,547
Trade accounts receivable, prepayments and other receivables	169,178	163,835
Inventories	169,607	160,657
Investments carried at fair value through statement of income	147,224	92,143
Non-trading investments	297,453	235,469
Investment in associates	945,859	999,906
Investment properties	221,746	216,954
Property, plant and equipment	1,202,748	1,253,213
Other assets	94,519	98,289
Goodwill	567,606	582,247
Total Assets	4,164,190	4,048,260
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	850,279	829,438
Derivative financial instruments	13,768	16,635
Trade accounts payable, accruals and other liabilities	590,866	524,767
Employees' end of service benefits	11,313	11,506
Obligations relating to acquired entities	82,110	110,375
Total liabilities	1,548,336	1,492,721
EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE PARENT		
Share capital	1,845,635	1,845,635
Capital contribution	1,173,203	1,173,175
Statutory reserve	33,277	27,072
Other reserves	43,024	55,714
Accumulated losses	(769,695)	(820,280)
	2,325,444	2,281,316
Non-controlling interests	290,410	274,223
Total equity	2,615,854	2,555,539
TOTAL LIABILITIES AND EQUITY	4,164,190	4,048,260

Consolidated statement of income

As of 31 December 2014	2014 BD'000	2013 BD'000
Revenue	1,217,530	1,097,525
Direct costs	(1,036,437)	(988,088)
Gross profit	181,093	109,437
Dividend income	1,857	810
Gain on investments carried at fair value through statement of income	4,056	7,467
Other operating income	13,549	17,498
Government assistance	86,573	107,554
Selling and distribution expenses	(80,727)	(71,872)
Administrative expenses	(90,588)	(92,991)
Other operating expenses	(2,718)	(7,198)
Operating income	113,095	70,705
Share of profit of associates	42,692	46,545
Interest income	3,970	4,187
Interest expense	(33,982)	(35,768)
Fair value gain on revaluation / settlement of derivatives (net)	211	17,871
Impairment losses	(34,355)	(20,879)
NET PROFIT FOR THE YEAR	91,631	82,661
Attributable to:		
Shareholder of the parent	62,053	58,203
Non-controlling interests	29,578	24,458
	91,631	82,661

Consolidated statement of comprehensive income

As of 31 December 2014	2014 BD'000	2013 BD'000
NET PROFIT FOR THE YEAR	91,631	82,661
Other comprehensive income		
Items that will be reclassified to consolidated statement of income in subsequent periods		
Movement in cumulative changes in fair values	6,908	22,302
Share of changes in equity of associates	(6,168)	14,122
Foreign currency translation	(13,100)	5,950
Items that will not be reclassified to consolidated statement of income in subsequent periods		
Remeasurement losses on defined benefit plan	(377)	(1,174)
Total other comprehensive income for the year	(12,737)	41,200
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	78,894	123,861
Attributable to:		
Shareholder of the parent	49,363	98,968
Non-controlling interests	29,531	24,893
	78,894	123,861

Consolidated statement of cashflows

Year ended 31 December 2014	2014 BD '000	2013 BD '000
OPERATING ACTIVITIES		
Net profit for the year	91,631	82,661
Adjustments for:		
Depreciation	117,086	112,620
Fair value gain on derivatives	(211)	(17,871)
Gain on investments carried at fair value through statement of income	(4,056)	(7,467)
Gain on non-trading investments	(419)	(8)
Gain on investments in associates	(2,094)	-
Share of profits of associates	(42,692)	(46,545)
Impairment losses	34,355	20,879
Provision for impairment on trade accounts and other receivables	3,515	261
Provision for impairment of inventories	341	416
Loss (gain) on disposal and write-off of property, plant and equipment	1,501	(1,820)
Gain on disposal of investment properties	(1,272)	(811)
Interest income	(3,970)	(4,187)
Interest expense	33,982	35,768
Employees' end of service benefits	2,400	2,176
Operating profit before changes in operating assets and liabilities	230,097	176,072
Changes in operating assets and liabilities:		
Inventories	(8,956)	(1,612)
Trade accounts receivable, prepayments and other assets	(19,278)	10,681
Trade accounts payable, accruals and other liabilities	67,100	(24,782)
Cash from operating activities	268,963	160,359
Interest paid	(34,172)	(36,116)
Derivative financial instruments	(5,270)	(9,348)
Employees' end of service benefits paid	(2,593)	(4,093)
Net cash from operating activities	226,928	110,802

Year ended 31 December 2014	2014 BD '000	2013 BD '000
INVESTING ACTIVITIES		
Investment in associates	(400)	(19,613)
Proceeds from sale of investment in associate	28,077	-
Purchase of non-trading and other investments	(110,012)	(42,409)
Proceeds from sale of non-trading investments and other investments	4,958	31,236
Purchase of property, plant and equipment	(68,869)	(69,132)
Proceeds from disposal of property, plant and equipment	561	15,345
Investment in properties	(259)	(93)
Proceeds from disposal of investment in properties	1,710	-
Net cash out flow on acquisition of subsidiaries	-	(2,176)
Other assets	3,438	(4,230)
Short term deposits	(45,835)	(89,747)
Interest received	3,540	2,352
Dividends from associates	31,932	25,056
Net cash used in investing activities	(151,159)	(153,411)
FINANCING ACTIVITIES		
Capital contribution	29	32,999
Proceeds from borrowings	566,518	430,383
Repayment of borrowings	(543,864)	(511,750)
Dividend paid to non-controlling interests	(14,586)	(12,074)
Movement in non-controlling interests (net)	1,242	(1,455)
Margin deposits with brokers	8,137	(1,291)
Obligations relating to acquired entities	(28,265)	(29,843)
Net cash used in financing activities	(10,789)	(93,031)
Increase (decrease) in cash and cash equivalents	64,980	(135,640)
Cash and cash equivalents at beginning of the year	141,795	277,435
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	206,775	141,795

Consolidated statement of changes in equity

	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 losses BD '000	Total BD '000	BD '000	BD '000
Balance at 31 December 2012	1,845,635	1,132,906	21,252	14,949	(872,663)	2,142,079	259,533	2,401,612
Net profit for the year	-	-	-	-	58,203	58,203	24,458	82,661
Other comprehensive income	-	-	-	40,765	-	40,765	435	41,200
Total comprehensive income	-	-	-	40,765	58,203	98,968	24,893	123,861
Contribution by the shareholder	-	40,269	-	-	-	40,269	-	40,269
Transfer to statutory reserve	-	-	5,820	-	(5,820)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	3,326	3,326
Dividend paid to non-controlling interests	-	-	-	-	-	-	(12,073)	(12,073)
Movement in non-controlling interests	-	-	-	-	-	-	(1,456)	(1,456)
Balance at 31 December 2013	1,845,635	1,173,175	27,072	55,714	(820,280)	2,281,316	274,223	2,555,539
Net profit for the year	-	-	-	-	62,053	62,053	29,578	91,631
Other comprehensive income	-	-	-	(12,690)	-	(12,690)	(47)	(12,737)
Total comprehensive income	-	-	-	(12,690)	62,053	49,363	29,531	78,894
Contribution by the shareholder	-	28	-	-	-	28	-	28
Transfer to statutory reserve	-	-	6,205	-	(6,205)	-	-	-
Share of other change in equity of associate	-	-	-	-	(5,263)	(5,263)	-	(5,263)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(14,586)	(14,586)
Other movement in non-controlling interests	-	-	-	-	-	-	1,242	1,242
Balance at 31 December 2014	1,845,635	1,173,203	33,277	43,024	(769,695)	2,325,444	290,410	2,615,854

Note 1: The summary consolidated financial statements presented above were extracted from the audited consolidated financial statements. Under the Bahrain Commercial Companies Law 2001, Bahrain Mumtalakat Holding Company B.S.C. (c) is a closed Bahraini Joint Stock Company and is not required to publish its audited consolidated financial statements.

The audited consolidated financial statements for the year ended December 31, 2014 are prepared in accordance with International Financial Reporting Standard (IFRS). Therefore, the summary consolidated financial statements have also been recognised and measured in accordance with IFRS.

Credit ratings

The following is a summary of Mumtalakat's credit ratings as at December 22, 2014, which is reflective of the Sovereign's rating of the Kingdom of Bahrain.

Fitch Ratings	
Long-term Issuer Default Rating	BBB
Senior Unsecured Rating	BBB
Short-term Issuer Default Rating	F3
Outlook	Negative

Standard & Poor's	
Long-term Issuer Credit Ratings	BBB
Short-term Issuer Credit Ratings	A-2
Outlook	Negative

RAM Ratings	
Long-term Rating of Sukuk Murabaha	Program AA2
Outlook	Stable

Investment strategy

Mumtalakat's strategy is designed to fulfil its long term objective of growing the wealth of the people of Bahrain in a sustainable way. Mumtalakat is a commercial entity and seeks to increase the value of its investment portfolio as a whole through the following strategies:

Enhancing value within its portfolio companies

A core element of Mumtalakat's strategy is to enhance value at its existing portfolio companies. Mumtalakat's extensive knowledge of both the GCC economy and of particular sectors provides it with the relevant expertise to do this effectively. Mumtalakat is an active shareholder and exerts its influence through its nominee directors appointed to the boards of its portfolio companies. Through this governance structure, Mumtalakat has supported significant value-enhancing initiatives across its portfolio of investments – including successful programmes at both Gulf Air and Alba - and expects to continue supporting such initiatives. Implementation of past Mumtalakat supported initiatives has led to operational restructurings, appointments of key management personnel, and refinements of strategy and growth plans at select portfolio companies. To ensure Mumtalakat's nominee directors are properly equipped to execute their duties at the boards of companies, Mumtalakat undertakes proactive steps to train and educate its representatives as well as conducts training to boost transparency and enhance corporate governance.

Further investments for growth of the portfolio

Mumtalakat seeks direct investments in companies with established track records of growth and profitability that demonstrate potential for continued expansion, and which have management that share Mumtalakat's values. Its preference is for investments in firms with a leading market position in a region or a market segment, and its optimal investment starts from around US\$50 million and above.

Mumtalakat's typical approach to such investments is to establish a significant minority interest in the equity of the company and to secure board representation and appropriate shareholder rights.

Within Bahrain, Mumtalakat also seeks opportunities to develop companies and projects that take advantage of Bahrain's appeal and strong positioning as a regional business hub and a popular tourism destination. In such opportunities, Mumtalakat's involvement is subject to critical analysis of commercial feasibility and its requirement to generate appropriate financial returns on its investment.

For global mandates, Mumtalakat seeks to bring to bear its experience as a long-term investor, its expertise in existing industry sectors and its capacity to mobilize significant financial resources.

It focuses on seven broad sectors – with each sector having a dedicated specialist team. However, other sectors are considered for investment where the opportunity is attractive.

Carefully planned portfolio adjustments, which may include partial or complete divesting of select assets

Mumtalakat is a long-term investor and does not look for short term exits, but it continuously evaluates opportunities for partial or complete exits of direct investments within its portfolio where appropriate. When considering a partial exit, Mumtalakat aims to maintain a significant minority interest in its portfolio companies to maintain board representation. In certain strategic assets, Mumtalakat may continue to hold a majority interest for the foreseeable future.

Diversification of the portfolio

Mumtalakat seeks to diversify its portfolio both in terms of geography and sector exposure. Given its significant stakes in several large companies, Mumtalakat's investments are particularly concentrated within certain sectors such as industrial manufacturing, aviation, telecommunications and financial services.

Risk management

Mumtalakat's mission is to develop a balanced portfolio over time that generates sustainable and favourable risk adjusted returns while reducing risk through geographic, sectorial and asset class diversification.

The assets Mumtalakat are vested in are diversified across a range of non-oil sectors, though they share a common geographic exposure to the Bahraini economy. The positive long-term economic fundamentals of the GCC and Mumtalakat's regional expertise mean that investment in the region will continue to play an important part in the fund's strategy.

In order to further diversify its investment concentration, Mumtalakat has invested in various opportunities in various geographic regions. The key element of Mumtalakat's risk management philosophy is for the Risk Management team to provide monitoring and reporting while working closely with the business units which ultimately own the risks associated with its investments and the portfolio as a whole.



Our culture

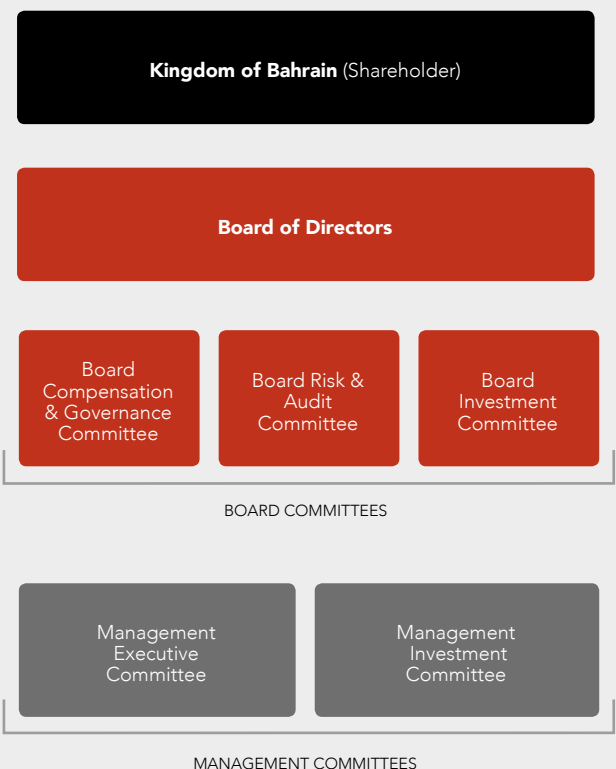
Corporate governance

Mumtalakat is committed to developing the highest standards of corporate governance. Responsibility for adopting these standards rests with the Board of Directors. Mumtalakat voluntarily complies with Bahrain's Corporate Governance Code (the "Code"). 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. Mumtalakat also believes that maintaining the highest standards of corporate governance is of vital importance in developing and sustaining relationships with senior international partner organisations.

Among the initiatives taken to ensure these standards are met was the development of a directors handbook for nominee directors on the boards of Mumtalakat's portfolio companies, the fund's partnership with the Pearl Initiative, a private sector-led not-for-profit organization established to improve transparency, accountability and business practices, and ongoing training for directors through partnership with global executive education leader INSEAD on corporate governance & strategic management.

Mumtalakat was also awarded a 9 out of 10 ranking in the Linaburg-Maduell Transparency Index compiled by the SWF Institute – recognition of the fund's commitment to transparency that is at the heart of its approach to corporate governance.

Corporate Governance structure



Board of Directors

The Board of Directors is the ultimate decision-making body of the Company. Mumtalakat's Board of Directors is appointed to a four-year term by resolution of the Economic Development Board, for which His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, serves as Chairman. The Board is composed of public sector individuals, including key government officials, and private sector individuals.

The primary role of the Board is to promote and achieve sustainable performance and long-term growth in the shareholder value of the company. As Mumtalakat is committed to the highest standards of transparency and corporate governance, it is the duty of the Board to ensure that the company operates according to established Corporate Governance principles.

Notwithstanding the Governance and Compensation Committee, the Board of Directors and its Committees meet at least four times a year.



H.E. Shaikh Khalid bin Abdulla Al Khalifa

Deputy Prime Minister & Chairman
of the Board of Directors



H.E. Shaikh Ahmed bin Mohammed Al Khalifa

Minister of Finance



H.E. Shaikh Mohammed bin Essa Al-Khalifa

Political and Economic Adviser to
HRH Crown Prince's Court



H.E. Mr. Kamal bin Ahmed Mohammed

Minister of Transportation
& Telecommunications



H.E. Mr. Essam Abdulla Khalaf

Minister of Works, Municipalities
and Urban Planning



Mr. Mahmood Hashim Al Kooheji

Chief Executive Officer,
Mumtalakat



Dr. Esam Abdulla Fakhro

Deputy Chairman of the National
Bank of Bahrain, and the Chairman
of Abdulla Yousif Fakhro &
Sons Company



Dr. Samer Al Jishi

Managing Director of
BFG International



Mr. Redha Abdulla Faraj

Founder of Al Faraj Consulting W.L.L

Board Committees

Board Investment Committee

The Board Investment Committee is a non-executive committee and is independent of senior management and any executive directors. Its duties and responsibilities include reviewing and approving investment and divestment opportunities, monitoring credit risks and other issues associated with specific investments.

Board Audit & Risk Committee

The Board Audit and Risk 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 and Risk Committee include assisting the Board in identifying and managing principal financial and compliance risks; approving the internal audit plan undertaken by the Internal Auditor; 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 and Risk Committee comprise a minimum of three members, all of whom are independent non-executive directors.

Board Governance & Compensation Committee

The Board Governance and Compensation Committee assists the Board in developing the Company's corporate governance framework, supports the Chairman of the Board in the performance review of the Board and its sub-committees; recommends the remuneration and rewards policy for Mumtalakat employees. The committee members are appointed by the Board, and comprise three members, all of whom are non-executive directors.

Senior Management



**Mr. Mahmood Hashim
Al Kooheji**
Chief Executive Officer



Mr. Zulfe Ali
Chief Investment Officer

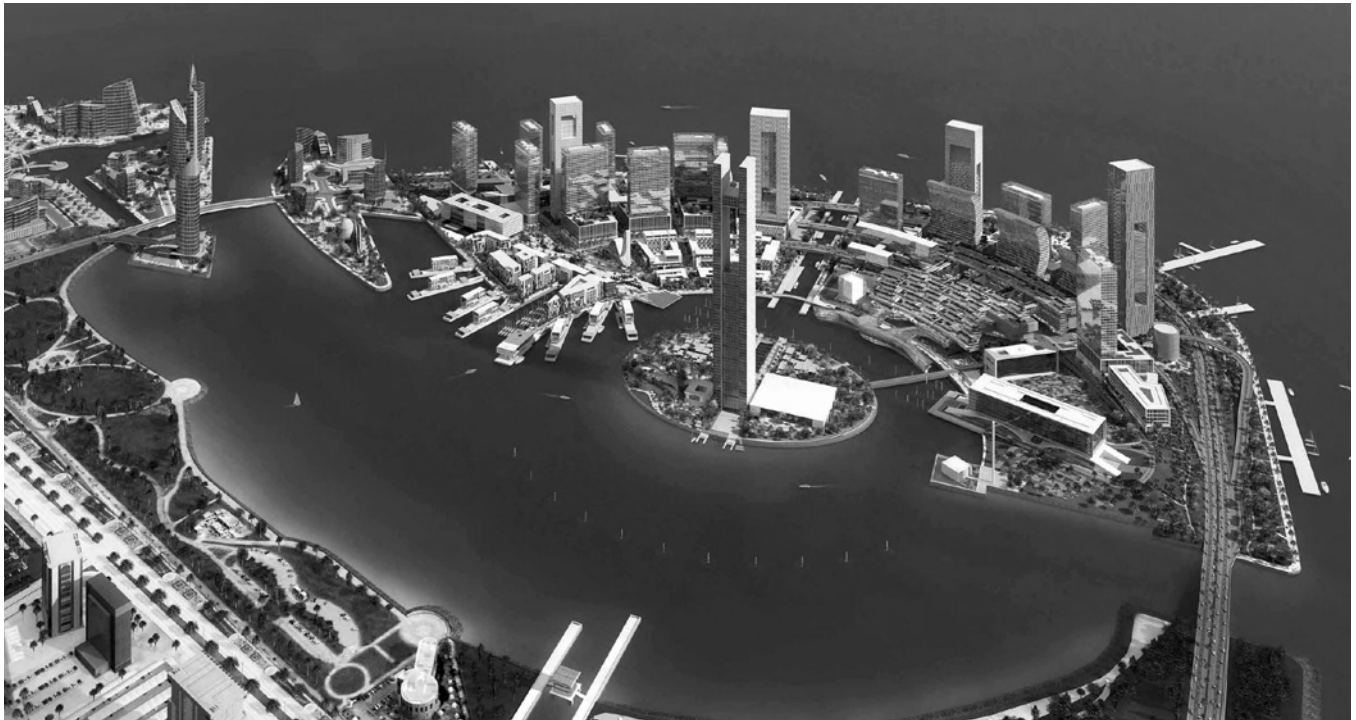


Ms. Suha Karzoon
Chief Financial Officer



Ms. Rima Al Masri
Senior Manager, Legal Affairs

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