

Investing for a better future **FOR BAHRAIN**

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Overview of Mumtalakat

Who We Are

Bahrain Mumtalakat Holding Company “Mumtalakat” has played a key role in enhancing the Kingdom of Bahrain’s wealth since 2006 through its management of the government’s strategic non-oil and gas related assets. Its establishment as the sovereign wealth fund of the Kingdom was a major component of Bahrain’s economic diversification plan, led by the Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, HRH Prince Salman bin Hamad Al Khalifa. Operating as an independent holding company, Mumtalakat’s assets have grown to include more than 60 local and international companies spanning a multitude of sectors, including financial services, real estate, tourism, industrial manufacturing, and many more.

Adopting a commercial mindset along with the diligence of the private sector, Mumtalakat has contributed to the stabilisation of Bahrain’s key strategic assets. With a focus on furthering the performance of its existing portfolio, while adopting a long-term strategy of continued growth and sustainability, it ensures that the highest standards of corporate governance and transparency are adhered to.

Our Vision

To be recognised as the partner of choice for companies and investors seeking an active investment partner with a long-term perspective.

Our Mission

We invest in companies with growth potential across multiple industries and geographies to achieve sustainable investment returns.

Our Values

Leadership

Active and Responsible Leadership.

Collaboration

Solid Alignment of Interests between the Company and its Stakeholders.

Transparency

Open and Effective Channels of Engagement with all Stakeholders.

Chairman's Message



HE Khalid bin Abdulla Al Khalifa
Deputy Prime Minister &
Chairman of the Board of Directors

In fact, 2017 saw the highest global economic growth rate since 2011. This was mirrored in Bahrain where the annual economic growth rate reached 3.8% during the year, with most of that growth being attributed to the non-oil sector.

It gives me great pride to know that Mumtalakat played a role in that through our focus on investing in and for Bahrain. Our financial position remained strong as we reported net profits for the fifth consecutive year, reflecting the success of our investment strategy and the resilience of our portfolio management.

HE Khalid bin Abdulla Al Khalifa
Deputy Prime Minister &
Chairman of the Board of Directors

Our work within Mumtalakat is affected by our surroundings, both domestically and internationally. Economic growth throughout 2017 was stable and positive.

Total Assets

US\$ **15.4b**

CEO's Message



Mahmood H. Alkooheji
Chief Executive Officer, Mumtalakat

In addition to our new international acquisitions and co-investments, we established three new companies in Bahrain, creating more job opportunities in the Kingdom and supporting economic diversification.

This success would not have been possible without the support of our Board members under the chairmanship of HE Shaikh Khalid bin Abdulla Al Khalifa, Deputy Prime Minister, and of course the tireless efforts of my colleagues in Mumtalakat. We enter 2018 with confidence in our investment approach and our ability to continue to generate strong financial returns for our country.

Mahmood H. Alkooheji
Chief Executive Officer

This was a great year for us as we witnessed substantial growth and added a number of new investments to our growing portfolio. Our total consolidated assets reached US \$15.4 billion, an increase of 46.4% in comparison to 2016.

Net Profit before Impairment Loss

US\$ **560.1m**

Financial Highlights

As an institution dedicated to the highest levels of transparency and corporate governance, our financial results are published annually, and our financial statements are prepared in line with International Financial Reporting Standards (IFRS) and audited on an annual basis.



Key Group Results

2019 marks another year of solid financial and operational performance across the Mumtalakat Group. Our efforts to maintain a balanced, diversified, and sustainable portfolio have led to robust growth that continues to play a vital role in the economy. Moreover, our focus on revenue enhancement and cost control have contributed to a significant increase in operating income.

Our focus on revenue enhancement and cost control enabled the group to increase operating income by 211%, reaching USD 332.4 million, compared to USD 106.9 million the previous year. Group revenues grew 11% to USD 6.1 billion, up from USD 5.6 billion in 2018. Mumtalakat's total assets value reached BHD 7.1 billion (USD 18.9 billion) in 2019.

Gulf Air recorded a 13% increase in revenue from USD 971.0 million in 2018 to USD 1.09 billion in 2019, primarily due to operating new destinations and increasing capacity with the addition of 2 Boeing 787s and 4 Airbus A320Neos to its fleet. Batelco Group grew its net profit by 3% with its launch of the National Broadband Network, BNET. McLaren saw an 18% increase in revenue, reflecting the higher volumes of cars sold.

Despite a challenging year in the commodities market, Aluminium Bahrain (Alba) reported positive results for 2019, with revenues increasing by 13% and sales volume by 33%. Alba also inaugurated its Line 6 Expansion Project this year.

Profit before impairment losses increased by 47% from USD 150 million in 2018 to USD 220.5 million in 2019. The increase was primarily due to a rise in operating revenue and higher fair value gains on investments.

Our focus on revenue enhancement and cost control enabled the group to increase operating income by 211%, reaching USD 332.4 million, compared to USD 106.9 million the previous year.



Investing for the Future



Business Review

Our approach

As the sovereign wealth fund of the Kingdom of Bahrain, Mumtalakat is committed to fostering sustainable economic prosperity for generations to come. We invest in, and for, Bahrain by seeking rewarding investment opportunities across multiple growth sectors and geographies. Since inception in 2006, our robust and diverse portfolio has grown from 29 companies to over 60, with total consolidated assets of nearly USD 19 billion.

Our investment approach is aligned with our core values of leadership, collaboration, and transparency, which supports our aim of creating sustainable wealth for a prosperous future.

Creating value for future generations

We take an active management approach through board representation in our portfolio companies, driving long-term growth and undertaking value-adding initiatives. We invest in and for Bahrain playing an important role in the national economy through our strategic assets.

Prosperous partnerships

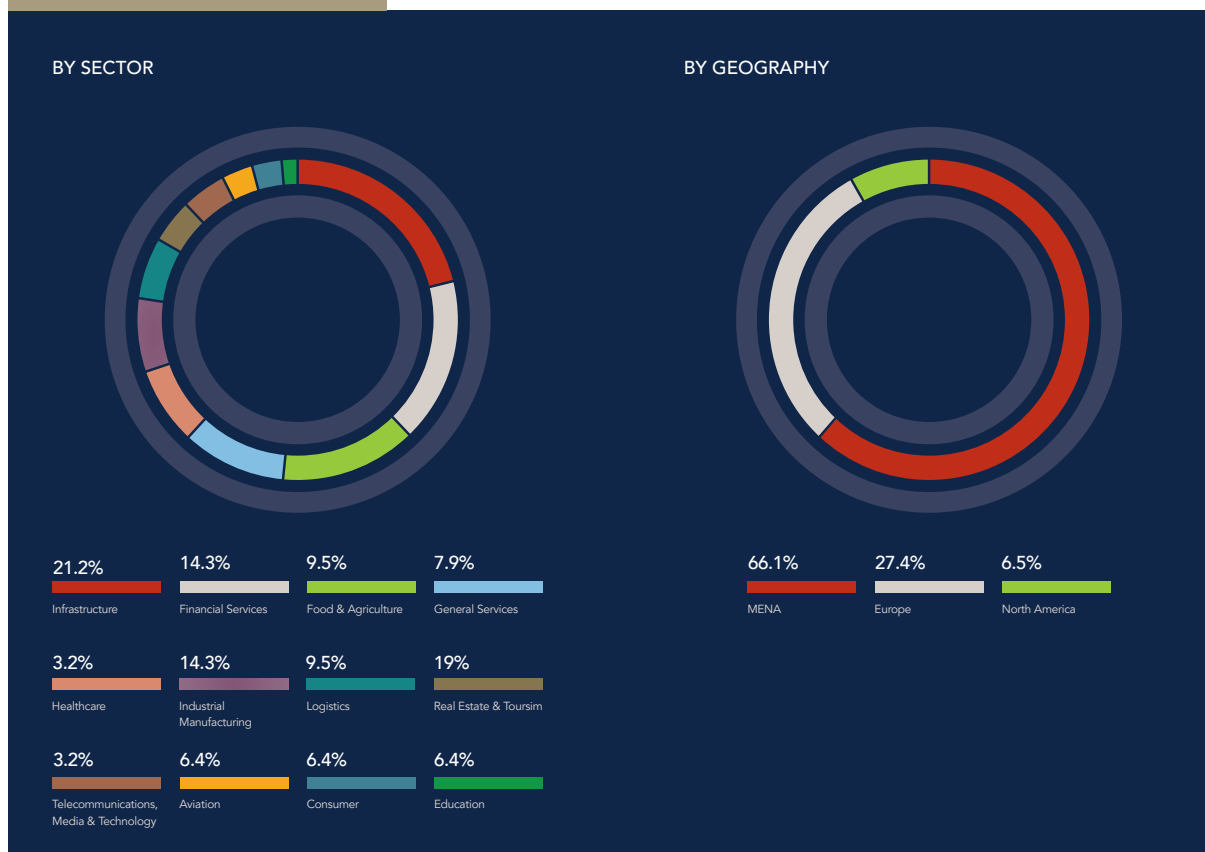
Supporting our mandate as Bahrain's sovereign wealth fund, we seek partners who share our long-term growth mindset and can contribute expertise towards building sustainable investment models across industries and geographies.

Commitment to best practices and transparency

Ever mindful of our responsibility to the Kingdom and the people we represent, we are committed to the highest levels of corporate governance and transparency. Operating in compliance with the Bahrain Code of Corporate Governance, we also maintained our 10/10 rating in the Linaburg-Maduell Transparency Index issued by the Sovereign Wealth Fund Institute.

Our portfolio

We hold stakes in more than 60 companies across multiple sectors and geographies. Our portfolio is valued at USD 8.5 billion and our total consolidated assets at USD 18.9 billion.





With our extensive expertise, particularly in key sectors, and our understanding of the regional economy, we add value beyond the provision of long-term capital to our companies.

Business Review

Aviation

Our aviation portfolio includes FAI Aviation Group, Gulf Air and Bahrain Airport Company.

For new investments, we focus on expanding our exposure to different facets of the aviation ecosystem from aerospace manufacturers and aircraft lessors to airport operators or service providers that operate in different regions than our current portfolio.

Portfolio Updates

FAI Aviation Group

In the first quarter of 2017, we made our first international investment in aviation, acquiring a significant minority stake of FAI Aviation Group, a leading global provider of mission-critical aviation services, offering fixed-wing air ambulance, special missions, charter and aircraft management as well as full MRO services.

Gulf Air Group Holding

This year we also consolidated our local aviation portfolio under a single umbrella, the Gulf Air Group Holding Company. This allows us to improve the coordination amongst the various entities within the group and have a unified growth strategy for our current Bahrain-based aviation portfolio in order to enhance the contribution of the aviation sector to Bahrain's economy and maximise stakeholder value.

Northern Capital Gateway Company

We also invested in the 4th largest airport in Russia and only operating airport in St. Petersburg through our investment in Northern Capital Gateway, the operator of Pulkovo Airport. The investment was made through our co-investment programme with RDIF. The airport, which caters for approximately 16 million passengers annually, was significantly modernised in recent years to become one of the leading airports in Russia. Furthermore, Northern Capital Gateway holds concession rights over a new recently built terminal in addition to other infrastructure within the Airport.

Consumer Services

We seek opportunities in sub-sectors that are well positioned to benefit from the key macro trends impacting consumers including technological changes and social trends. Our team continues to actively pursue investments in its target sub-sectors globally and build partnerships with firms seeking to serve the Arabian Gulf and global markets through new ventures in Bahrain. That's why we set-up two new companies in Bahrain this year.

Education

We believe that investments in education are both commercially attractive and essential for the long-term development of human capital both locally and globally. We recognise the importance of providing high calibre education at primary, secondary and tertiary education levels and the need for partnerships in developing offerings in the space.

Food & Agriculture

The demand for food and agriculture continues to grow as populations grow. Our focus on value creation within our portfolio means that we aim to modernise existing facilities, expand production capacity and introduce downstream products to improve profitability.

Financial Services

The global financial sector continues to record reasonable growth rates and as the sector becomes more competitive, service providers continue to introduce more innovative solutions as well as cross-sector products. The rise of digital technology has altered the landscape of the financial services sector, and as FinTech is becoming more of a core enabler in the sector, it is also raising new risks regarding transaction security.

At Mumtalakat, we continue to seek investment opportunities in the financial services sector with a focus on growing the portfolio through implementing value-add initiatives for existing portfolio companies and by making new investments in financial institutions, ancillary financial service providers as well as FinTech solutions.

Healthcare

Our healthcare investment strategy focuses on commercially viable opportunities in the healthcare sphere that capitalise on the current key trends in the industry: soaring costs, the growing need for more efficiency and a surge in demand by an ageing population burdened with chronic disease. We are particularly focused on two main sub-sectors, healthcare services and pharmaceutical and medical devices in the Arabian Gulf region, North America and Europe.

Industrial Manufacturing

Our surroundings and standards of living have changed drastically over the years due to changes and progress in industrial manufacturing. That is why we invest in assets like Aluminium Bahrain (Alba) and Gulf Aluminium Rolling Mill Company (GARMCO) as well as the international automotive and technology giant, McLaren. With Alba and GARMCO being part of our portfolio, Bahrain has good fundamentals to build and expand on the aluminium sector, be it locally or through international investments.

Real Estate & Tourism

The real estate and tourism sector represent 20.3% of our portfolio. Investing in this sector can improve people's lives as it enhances living spaces, facilities and associated infrastructure, which ultimately drives further economic growth.

Telecommunications, Media & Technology (TMT)

With the rising demand for technology including smart devices and faster internet speed, we are looking to identify and invest in technology companies with attractive sustainable growth opportunities and that are financially viable.

Our TMT investment strategy has evolved over the past few years with a current focus on buy-out and growth capital investments, evaluating each opportunity independently.

Logistics

There has been a rapid change in freight and cargo related transportation. As the demand for logistics services continues to grow, so does our interest in logistics companies. Our investment strategy in the logistics sector is focused on developing wider exposure to the sector with a focus on freight and logistics services, especially those that provide added value. Other sub-sectors are considered on an opportunistic basis. Going forward, we aim to source investments that will develop sector coverage of land-based logistics and improve the overall geographic diversification of investments.

Our investment approach is aligned with our core values of leadership, collaboration, and transparency, which supports our aim of creating sustainable wealth for a prosperous future.





Operations Overview

Operations Overview

Our team

We cannot build a prosperous future without a dedicated and efficient team. We work as one team to achieve one ultimate goal, assisting Bahrain in growing and diversifying a sustainable national wealth. We employ around 90 people locally in Mumtalakat, of whom 47% are women.

TOTAL NO. OF EMPLOYEES

87

FEMALE
EMPLOYEES

41

WOMEN IN
MANAGEMENT

50%

BAHRAINISATION
RATE

85%

Legal & Risk

As we are mandated to grow the wealth of Bahrain, it is important for us to be accountable in our day-to-day activities. The role of our legal and risk teams involves providing the core support and legal advice needed for our operations whilst mitigating risks.

Key Milestones in 2017:

2017 was a great success for Mumtalakat. The professionalism and expertise of the legal team enabled the organisation to conclude a larger number of investments of greater value during the year with a reduction on professional legal costs.

We continued to build our in-house capabilities and enhance our professional expertise, which ultimately resulted in cost reductions. This reflects the calibre of our team which is led by our General Counsel who was named for the second time on The Legal 500's GC Powerlist: Middle East 2017.

In addition, regional law journal, The Oath Magazine, presented three legal opinion articles by our General Counsel. These included the topics of emotional intelligence in the law; the importance of commercial awareness for legal professionals, and a commentary on whether contemporary legal education sufficiently equips legal professionals in the Arabian Gulf.

Finance

Our finance team always maintains transparency in reporting to various stakeholders both internally and externally. We strictly follow International Financial Reporting Standards (IFRS), industry best practices and provisions of relevant regulations in matters relating to accounting and financial reporting.

Not only do we ensure that transparency is maintained, we also ensure that we collaborate with various departments to support the growth of our organisation. This is reflected in our support to our colleagues in the investment team in matters relating to accounting, financial reporting, taxation and deal structuring.

Key Milestones in 2017:

Throughout the year, our finance team met the many challenges associated with support of the organisation's diverse assets and its new acquisitions. With the increase of ownership stake in McLaren and

the respective reporting requirements that followed, the team managed all the statutory and internal reporting requirements within tight deadlines. At the same time, the team managed all financial, reporting risks and compliance risks with no exceptions.

A key element of the finance department's role is to ensure that funds are available throughout the year to ensure that the various funding requirements of the company and repayment of debt are met by arranging banking facilities with attractive terms. This was reflected in 2017 when full repayment of the MYR 300 million Malaysian Sukuk was made.

The team also uses the Hyperion Planning Management system, implemented since 2011, in which effective and successful upgrades and re-implementation were completed in 2017 to meet management requirements. The upgraded system provides better quality budget variance reports and has the functionality of writing back the budget from the Hyperion system to the Oracle E-Business Suite which enables department heads to check the budget availability online before approving any transaction or purchase order in the system.

Information Technology

Effective business planning and growth are supported throughout the year by the critical work of our Information Technology (IT) team.

Our IT team monitors and reviews the latest trends in technology and evaluates what is needed to support Mumtalakat at the holding level and its group of portfolio companies. Building and maintaining our infrastructure, our day-to-day business is more productive and secure.

Key Milestones in 2017:

Our IT team continued to support our organisation and our subsidiaries. Most notably, we initiated a migration to Amazon Web Services, providing us with faster access and lower costs for data storage.

As part of our support to the various departments within the organisation, in cooperation with the HR team we launched a digital system designed to monitor both organisational and individual Key Performance Indicators (KPIs). We also supported our finance team in implementing a consolidation system for Mumtalakat by extracting and storing financial information

Operations Overview

from all subsidiaries. We also enhanced security and authentication systems for our internal portal and set up a Mobile Device Management solution which allows us to have better control over laptops and phones connected to our network.

Likewise, we continued to support our portfolio companies across various areas. During 2017, our IT team completed the implementation of a digital system that included Finance, Human Resources Management System, Advanced Collection, Property Management and Supply Chain Management modules for our real estate arm, Bahrain Real Estate Investment (Edamah). Part of Edamah's real estate development also required sophisticated hardware and software selection for a carpark management system, which will now be used as a template for all future carparks.

Communications & Public Affairs

Working to ensure a continuous and coherent narrative about Mumtalakat with the organisation's diverse stakeholders and audiences, our Communications and Public Affairs team continued to oversee proactive business engagement while improving our digital presence in support of the sovereign wealth fund's mandate and strategies.

Key Milestones in 2017:

Our business engagements in investor conferences were wide-ranging, including the Euromoney GCC Financial Forum, the 2nd GCC Logistics Conference, the St. Petersburg International Economic Forum 2017 and the Future Investment Initiative.

At the same time, we have continued to play an important role in supporting the efforts of some of our strategic subsidiaries. Most notably this year, the Communications and Public Affairs team supported the development and launch of DANAT as a brand in the Bahrain market. As DANAT was established as part of our efforts to bolster national industries and to contribute to local economic development, we ensured that the company's narrative was welcomed by its target stakeholders with key events, media outreach and digital support.

Similarly, as part of our continuous support to our wholly owned subsidiary, Bahrain International Circuit (BIC), we have been taking part in the Formula 1 Bahrain Grand Prix on an annual basis. Our suite in the Paddock Club at the

2017 Formula 1 Gulf Air Bahrain Grand Prix hosted our current and potential investment and business partners in addition to some of our local portfolio companies.

Importantly, our team this year enhanced our digital presence with a new website and the introduction of a digital annual report. Our social media presence was likewise tackled with heightened online engagement and the launch of a Facebook page, all of which were part of an effort to improve users experience of the organisation's culture while highlighting its key accomplishments.

Fostering an online dialogue and appreciation for the work of the Group in contributing to the national economy were the the premises for the development of Mumtalakat's first Group award scheme and online campaign – 'Many Stories, One Bahrain.' Recognising the efforts of our outstanding employees across our local portfolio companies in the lead up to National Day in December, the campaign showcased the essential role that we play in the support and development of the local economy, reinforcing our long-term objective of creating a prosperous nation for Bahrain's future generations.

Human Resources

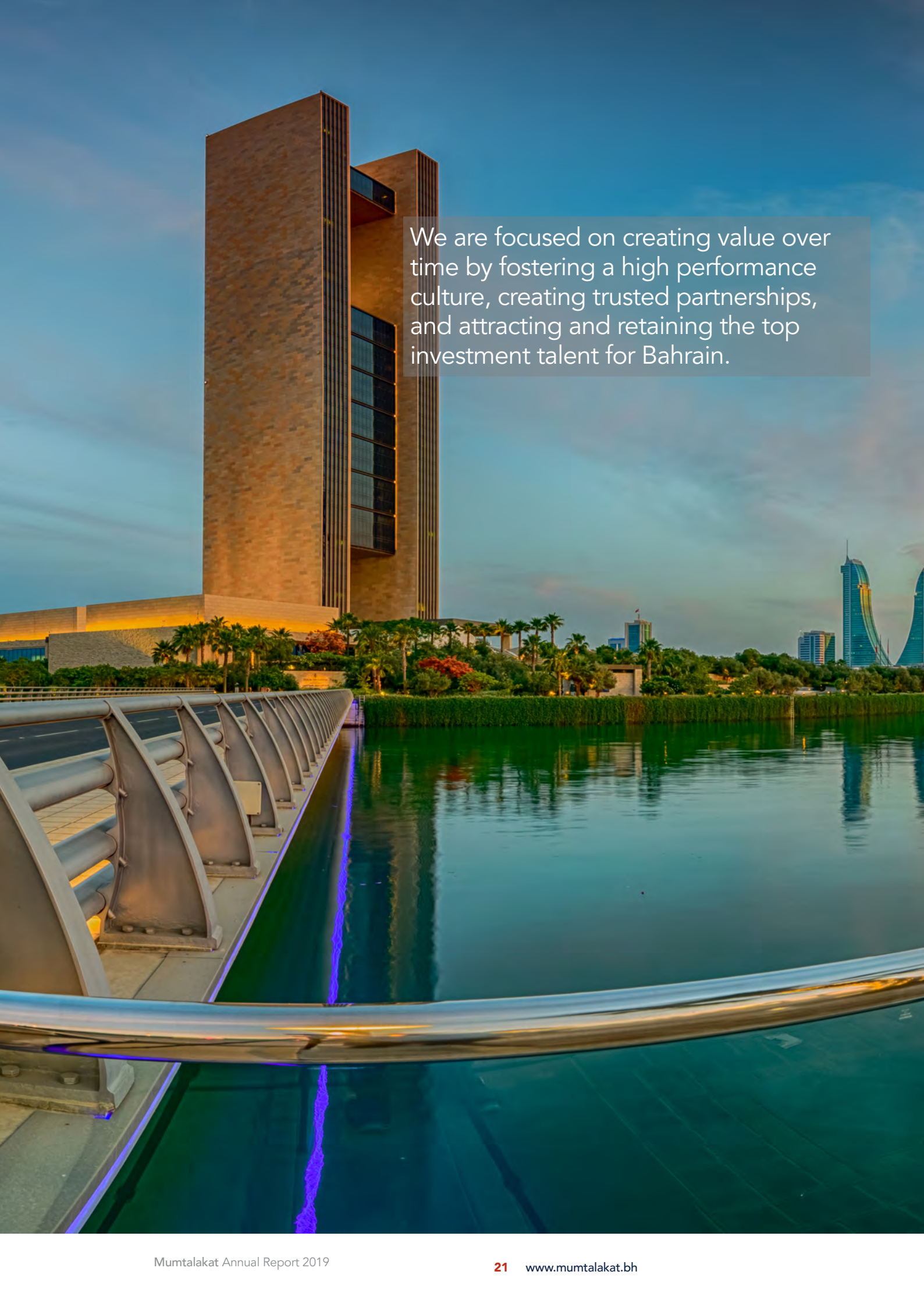
Our people are the backbone of our organisation. The Human Resources team strives to attract the best talents from Bahrain and around the world to ensure that the company meets its objective of growing the wealth of Bahrain for future generations.

At Mumtalakat, we employ around 90 staff whose development is prioritised through various training opportunities throughout the year. We are proud that 93% of our staff are Bahraini nationals while we remain committed to gender parity.

In fact, two divisions are comprised of 100% female employees. These are Human Resources and Communications and Public Affairs divisions.

Key Milestones in 2017:

In pursuit of excellence, our HR team continued to focus on developing our people and processes. This was reflected in our young employees' achievements of a higher CFA success rate in comparison to previous years. As we strive for the development of our teams both at Mumtalakat and within our portfolio companies, we conducted a number of training programmes including in-house trainings which represented around 66% of our training plans.



We are focused on creating value over time by fostering a high performance culture, creating trusted partnerships, and attracting and retaining the top investment talent for Bahrain.

A man with dark, wavy hair, seen from the back and side, is wearing a dark blue suit jacket over a white shirt. He is looking towards a laptop screen on a wooden desk. The background is blurred, showing an office environment with other people and papers.

Corporate Governance



Our Governance

The year was particularly critical as we integrated organisational and individual performance more closely with our business objectives and launched a new automated performance management system. These initiatives reinforced our performance culture, through which commitment, excellence and accountability are promoted amongst all employees.

In keeping with our mandate for future generations in Bahrain, a number of our employees participated in the local Injaz programme, a non-profit organisation that aims to empower young people and foster entrepreneurship. As part of the programme, our employees ran workshops for school and university students and supported their endeavours in starting a business.

The year was closed by reflecting on and commemorating the work of prominent female engineers within Mumtalakat's local portfolio in a dedicated panel discussion hosted in our premises. Female engineers shared their success stories on the occasion of Bahraini Women's day.

Risk Management

In line with our mandate to grow the wealth of Bahrain, risk management is an integral component of our diversification approach, our portfolio value creation and investment decision-making.

For that purpose, we work towards the development of a balanced portfolio, geographically and in terms of sector and asset class exposure. We undertake stringent internal screening and evaluation processes to ensure that risks are mitigated.

We work to ensure that key risks are being appropriately identified and assessed; controlled, avoided and/or mitigated; and properly reported vertically and horizontally throughout the company.

Corporate Governance

As a Bahraini company, we operate in compliance with the Bahrain Code of Corporate Governance, which aims to establish best-practice corporate governance principles in Bahrain.

A principal purpose of the Code is to define the relationship between the board of directors, the managers, and the shareholders of a company to ensure transparency, accountability, fairness and responsibility in firms of all sizes. Although the Code currently applies to listed companies, we encourage our portfolio companies, whether listed or unlisted, to operate in compliance with the Code.

We are also subject to regular audits of our operations by external auditors, internal auditors and the National Audit Offices of the Kingdom of Bahrain.

Underpinning our commitment to implement sound corporate governance practices, we've opted for the voluntary adoption of the Generally Accepted Principles and Practices of Sovereign Wealth Funds (the Santiago Principles). The guiding purpose of the Principles is to establish transparent and sound governance structures that promote appropriate governance and accountability and sound conduct of investment practices by sovereign wealth funds.

Board of Directors

We are guided by our Board of Directors, which is comprised of nine members representing the public and the private sectors.

Our Board members are appointed to four-year terms by resolution of the Economic Development Board (EDB) over which HRH Prince Salman bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander and First Deputy Prime Minister, serves as Chairman.



HE Shaikh Khalid bin Abdulla Al Khalifa
Deputy Prime Minister &
Chairman of the Board of Directors

HE Shaikh Khalid has been the Deputy Prime Minister of the Kingdom of Bahrain since 2010. Prior to that, he was the Minister of HRH the Prime Minister's Court. He began his career as a Roads Engineer in the Directorate of Works in 1966.



HE Khalid Al Rumaihi
Chief Executive Officer, Bahrain
Economic Development Board

HE Khalid Al Rumaihi was appointed Chief Executive Officer of Mumtalakat in 2019. Prior to joining Mumtalakat, he served as Chief Executive of the Bahrain Economic Development Board (EDB) where he was responsible for channeling inward investments into the country. He continues to play an active role as a Board Member of the EDB.



Khalid Humaidan
Head of ALM-Treasury Middle East &
South Africa at BNP Paribas

Khalid Humaidan was appointed Chief Executive of the Bahrain Economic Development Board (EDB) in September 2019. Prior to that, he was BNP Paribas Head of Global Markets – Middle East and Africa, based in Bahrain, where he was responsible for the organisation's capital markets business, which delivers cross-asset solutions to institutional and corporate clients.



Dr. Samer Al Jishi
Managing Director of BFG International

Dr Al Jishi leads one of the Middle East's foremost multinational industrial groups, BFG International. After a distinguished career in academia, Dr Al Jishi joined BFG International in 1992 and has brought it forward from a small industrial firm into what it is today, a large leading global firm.



HE Shaikh Salman bin Khalifa
Al Khalifa
Minister of Finance and National
Economy



HE Kamal bin Ahmed Mohammed
Minister of Transportation &
Telecommunications



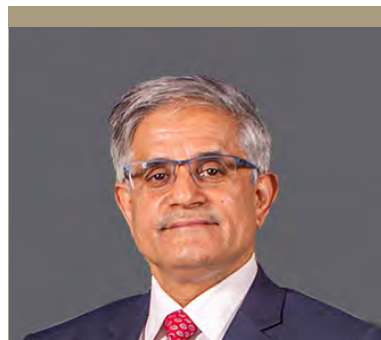
HE Zayed bin Rashid Alzayani
Minister of Industry, Commerce and
Tourism



Elham Hasan
Business Strategy Advisor



HE Shaikh Mohamed bin Isa
Al Khalifa
Political and Economic Advisor to HRH
the Crown Prince's Court



Mahmood H. Alkooheji
Chief Executive Officer, Mumtalakat

Senior Management



Mahmood H. Alkooheji
Chief Executive Officer



Zulfe Ali
Chief Investment Officer



Nouf Alsowaidi
Head of Human Resources



Suha Karzoon
Chief Financial Officer



Rima Al Masri
General Counsel and Corporate Secretary



Khaled Janahi
Head of Information Technology (IT)



Suha Matar
Head of Communication and Public Affairs

Independent Auditors' Report



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INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C. (c)

Opinion

The summary consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C. (c) ("the Company") and its subsidiaries (together "the Group"), which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended, and related note, are derived from the complete audited consolidated financial statements of the Group for the year ended 31 December 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1 to the summary consolidated financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 13 June 2018. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibility of the Board of Directors for the summary consolidated financial statements

The Board of Directors is responsible for the preparation of a summary of the complete audited consolidated financial statements in accordance with the basis described in note 1 to the summary consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDER OF BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C. (c) (continued)

Auditors' responsibility

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

Ernst & Young

Credit Ratings

Our ratings for the year ended 31st December 2017 are as follows:

Fitch Ratings:

Long-term	Issuer	Default	Rating: BB+
Senior	Unsecured		Rating: BB+
Short-term	Issuer	Default	Rating: B
Outlook: Negative			

Standard & Poor's:

Long-term	Issuer	Credit	Ratings: BB+
Short-term	Issuer	Credit	Ratings: B
Outlook: Stable			

Linaburg-Maduell Transparency Index Ratings:

10/10 transparency rating

Consolidated Statement of Financial Position

31 December 2017

	2017 BD '000	2016 BD '000
ASSETS		
Cash and bank balances	337,214	164,279
Derivative financial instruments	5,704	-
Trade accounts receivable, prepayments and other receivables	337,031	182,810
Inventories	273,957	180,932
Investments carried at fair value through statement of income	259,674	245,365
Non-trading investments	271,838	261,401
Investment in associates	598,375	874,801
Investment in joint venture	7,694	5,151
Investment properties	405,226	359,470
Property, plant and equipment	1,864,236	1,276,373
Other assets	131,752	32,712
Intangible Assets	595,995	2,432
Goodwill	665,794	346,264
TOTAL ASSETS	5,754,490	3,931,990
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	1,658,055	734,843
Derivative financial instruments	8,204	18,161
Trade accounts payable, accruals and other liabilities	844,345	459,874
Employees' end of service benefits	17,856	12,268
Obligations relating to acquired entities	-	21,562
Total liabilities	2,528,460	1,246,708
Equity attributable to shareholder of the parent		
Share capital	2,000,000	2,000,000
Capital contribution	421,377	352,869
Statutory reserve	57,801	39,698
Other reserves	45,551	(75,775)
Retained earnings	220,144	57,757
	2,744,873	2,374,549
Non-controlling interests	481,157	310,733
Total equity	3,226,030	2,685,282
TOTAL LIABILITIES AND EQUITY	5,754,490	3,931,990


Khalid bin Abdullah Al Khalifa
Chairman


Mahmood H. Al-Kooheji
Director and Chief Executive Officer



Suha S. Karzoon
Chief Financial Officer

Consolidated Statement of Income

Year ended 31 December 2017

	2017 BD '000	2016 BD '000
Revenue	1,497,459	1,023,398
Direct costs	(1,301,208)	(901,927)
Gross profit	196,251	121,471
Dividend income	8,378	11,695
Gain on investments carried at fair value through statement of income	60,481	38,021
Other operating income	29,600	7,805
Government assistance	38,137	63,401
Selling and distribution expenses	(111,984)	(73,272)
Administrative expenses	(107,067)	(80,718)
Other operating expenses	(14,309)	(4,084)
Operating income	99,487	84,319
Share of profit of associates and joint ventures	14,794	39,423
Gain on deemed disposal of associates	250,792	-
Interest income	3,977	3,430
Interest expense	(38,911)	(24,558)
Fair value loss on revaluation/settlement of derivatives (net)	(2,746)	-
Impairment losses	(105,468)	(33,510)
NET PROFIT BEFORE TAX FOR THE YEAR	221,925	69,104
Income tax for the year	(11,342)	(199)
NET PROFIT FOR THE YEAR	210,583	68,905
Attributable to:		
Shareholder of the parent	181,029	53,912
Non-controlling interests	29,554	14,993
	210,583	68,905


Khalid bin Abdullah Al Khalifa
Chairman


Mahmood H. Al-Kooheji
Director and Chief Executive Officer


Suha S. Karzoon
Chief Financial Officer

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 BD '000	2016 BD '000
NET PROFIT FOR THE YEAR	210,583	68,905
Other comprehensive income		
<i>Items that will be reclassified to consolidated statement of income in subsequent periods</i>		
Movement in cumulative changes in fair values	9,266	(3,832)
Share of changes in equity of associates	3,554	995
Foreign currency translation	43,144	(46,962)
Foreign currency loss reclassified to consolidated statement of income on derecognition of associates	71,369	-
<i>Items that will not be reclassified to consolidated statement of income in subsequent periods</i>		
Remeasurement gain on defined benefit plan	789	(344)
Total other comprehensive income (loss) for the year	128,122	(50,143)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	338,705	18,762
Attributable to:		
Shareholder of the parent	302,355	3,878
Non-controlling interests	36,350	14,884
	338,705	18,762

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	2017 BD '000	2016 BD '000
OPERATING ACTIVITIES		
Net profit before tax for the year	221,925	69,104
Adjustments for:		
Depreciation	106,033	113,298
Amortisation	24,639	252
Fair value loss on derivatives	2,746	-
Gain on investments carried at fair value through statement of income	(60,481)	(38,021)
Gain on non-trading investments	(4,331)	(188)
Gain on derecognition of associates	(250,792)	-
Share of profits of associates and joint venture	(14,794)	(39,423)
Impairment losses	105,468	33,510
Provision for impairment on trade accounts and other receivables	526	523
Provision for impairment of inventories	196	206
Loss on disposal and write-off of property, plant and equipment	2,598	422
Interest income	(3,977)	(3,430)
Interest expense	38,911	24,558
Government assistance	-	(12,900)
Employees' end of service benefits	2,695	2,867
Operating profit before changes in operating assets and liabilities	171,362	150,778
Changes in operating assets and liabilities:		
Inventories	(34,061)	(15,674)
Trade accounts receivable, prepayments and other receivables	(77,337)	2,671
Trade accounts payable, accruals and other liabilities	85,181	24,414
Cash from operating activities	145,145	162,189
Interest paid	(29,291)	(22,995)
Income tax paid	(1,908)	(217)
Derivative financial instruments	(5,552)	(39)
Employees' end of service benefits paid	(2,350)	(2,568)
Net cash from operating activities	106,044	136,370
INVESTING ACTIVITIES		
Investment in associates and joint venture	(27,384)	(27,914)
Purchase of non-trading and other investments	(37,993)	(24,755)
Proceeds from sale of non-trading investments and other investments	67,643	540
Purchase of property, plant and equipment	(557,937)	(220,206)
Proceeds from disposal of property, plant and equipment	605	860
Acquisition of subsidiaries, net of cash acquired	56,422	-
Investment in property	(6,481)	(9,770)
Intangible assets	(50,185)	(605)
Other assets	(19,753)	2,278
Short term deposits	(55,125)	24,184
Interest received	3,612	2,025
Dividends from associates	32,004	31,091
Net cash used in investing activities	(594,572)	(222,272)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2017

	2017	2016
	BD '000	BD '000
FINANCING ACTIVITIES		
Capital contribution	19,646	-
Proceeds from borrowings	869,781	133,910
Repayment of borrowings	(278,973)	(175,111)
Dividend paid to non-controlling interests	(9,139)	(2,508)
Movement in non-controlling interests (net)	1,497	(172)
Obligations relating to acquired entities	(21,562)	(30,641)
Net cash from (used in) financing activities	581,250	(74,522)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	92,722	(160,424)
Exchange gain on cash and cash equivalent	2,041	-
Cash and cash equivalents at beginning of the year	144,838	305,262
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	239,601	144,838

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to shareholder of the parent						Non-controlling interests	Total equity
	Share capital BD '000 (note 19)	Capital contribution BD '000 (note 19)	Statutory reserve BD '000 (note 20)	Other reserves BD '000 (note 21)	Retained earnings BD '000	Total BD '000	BD '000	BD '000
Balance at 31 December 2015	2,000,000	346,337	34,307	(25,741)	9,236	2,364,139	298,529	2,662,668
Net profit for the year	-	-	-	-	53,912	53,912	14,993	68,905
Other comprehensive loss	-	-	-	(50,034)	-	(50,034)	(109)	(50,143)
Total comprehensive (loss) income	-	-	-	(50,034)	53,912	3,878	14,884	18,762
Contribution by the shareholder (note 19)	-	6,532	-	-	-	6,532	-	6,532
Transfer to statutory reserve (note 20)	-	-	5,391	-	(5,391)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,508)	(2,508)
Other movement in non-controlling interests (note 22)	-	-	-	-	-	-	(172)	(172)
Balance at 31 December 2016	2,000,000	352,869	39,698	(75,775)	57,757	2,374,549	310,733	2,685,282
Net profit for the year	-	-	-	-	181,029	181,029	29,554	210,583
Other comprehensive income	-	-	-	121,326	-	121,326	6,796	128,122
Total comprehensive income	-	-	-	121,326	181,029	302,355	36,350	338,705
Contribution by the shareholder (note 19)	-	68,508	-	-	-	68,508	-	68,508
Transfer to statutory reserve (note 20)	-	-	18,103	-	(18,103)	-	-	-
Loss on sale of treasury shares of a subsidiary	-	-	-	-	(539)	(539)	(238)	(777)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(9,139)	(9,139)
Acquisition of subsidiaries (note 35)	-	-	-	-	-	-	141,177	141,177
Other movement in non-controlling interests (note 22)	-	-	-	-	-	-	2,274	2,274
Balance at 31 December 2017	2,000,000	421,377	57,801	45,551	220,144	2,744,873	481,157	3,226,030



