

An aerial night photograph of Bahrain City Centre, a prominent skyscraper with a distinctive spire, illuminated in red and white. The building is situated on a small island in the middle of a body of water. In the background, the city of Manama is visible, with numerous other buildings and roads lit up. The water reflects the city lights, creating a vibrant scene.

Mumtalakat  
INVESTING FOR BAHRAIN

# INVESTING IN AND FOR BAHRAIN

ANNUAL REPORT 2018

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# Overview of Mumtalakat

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## Who We Are

Mumtalakat was established in 2006, as part of the Kingdom of Bahrain's economic diversification plan which was spearheaded by the Crown Prince. The company is the sovereign wealth fund of the Kingdom and was created as an independent holding company to manage the Government's strategic non-oil and gas related assets with a vision of growing the wealth of Bahrain.

Since its inception, Mumtalakat's assets have grown from 29 companies to over 60 local and international companies spanning a variety of sectors including industrial manufacturing, healthcare, financial services, real estate & tourism, education, telecommunications, media & technology, general services and much more.

As a holding company for the country's key assets, Mumtalakat supported the growth of its portfolio, stabilizing their position, enhancing their performance and increasing their value. At the same time, Mumtalakat is mandated to grow by seeking commercially viable investment opportunities for the long-term in companies with proven track records of growth and profitability, an effective management team and the potential for continued expansion.

Although fully owned by the Government, the company operates with the commercial discipline and rigour of the private sector and is committed to transparency and high standards of corporate governance.

## 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.

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## Chairman's Message



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

In addition to maintaining approximately 14,000 jobs in the country, new investments were made both locally and internationally and capital expenditure in important local projects continues to rise year-on-year.

I would like to use this opportunity to thank my colleagues on the board, and Mumtalakat's employees who worked tirelessly to support the growth of the company. I am confident that with our resilient investment approach, and the capability of the team, we will continue to drive our business forward and deliver on our promise of growing the Kingdom's wealth."

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

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"Despite decelerated growth in Bahrain's economy, non-oil sector growth continued throughout 2018, reaching 2.4%. With our investments in Bahrain representing 70% of the value of Mumtalakat's consolidated assets, Mumtalakat's contribution to the local economy is important.

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Total Assets

US\$ **16.8b**

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## CEO's Message



**Mahmood H. Alkooheji**  
Chief Executive Officer, Mumtalakat

Throughout the year, we maintained our investment approach, growing and diversifying our portfolio by investing internationally with seven international acquisitions across different sectors and geographies. At the same time, we were keeping an eye on Bahrain with two new investments made in the Kingdom. Our performance is always a tribute to the efforts and guidance of our Board of Directors, led by HE Shaikh Khalid bin Abdulla Al Khalifa, Deputy Prime Minister and Chairman of the board; as well as the work and commitment of our multidisciplinary team."

**Mahmood H. Alkooheji**  
Chief Executive Officer

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"Longstanding stability and endurance are reflected in our results this year. In fact, since 2012, our consolidated assets value has risen 54%, reaching US \$16.8 billion today.

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Net Profit before Impairment Loss

US\$ **148.4m**

# 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.



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## Key Group Results

In 2018, we continued to invest both locally and internationally. Two new local investments were added to our portfolio. We also added two new real estate investments in the United States to our portfolio, in addition to three further investments in the aviation, infrastructure and telecommunication, media & technology (TMT) sectors through our co-investment programme with the Russian Direct Investment Fund (RDIF).

We also continued with our mandate to invest in the Kingdom of Bahrain and support the national economy.

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Our portfolio consists of over 60 companies across various sectors in 14 countries, of which 62% is based in the Middle East and North Africa, 30% in Europe and 8% in North America.

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# Investing for the Future





# Business Review

## Our approach

Our investment approach is guided by three pillars which support our mandate of investing in and for Bahrain. 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.

- **Long-term partnership:**

We invest for the long-run, seeking partners who share our values of transparency and corporate governance, with proven track records, effective management teams and potential for continued growth.

- **Value adding active role:**

We are an active investor. We proactively drive and support value-enhancing initiatives in our portfolio companies through our presence on their boards. We also leverage our diverse expertise with our investment professionals who have in depth experience across various sectors and geographies.

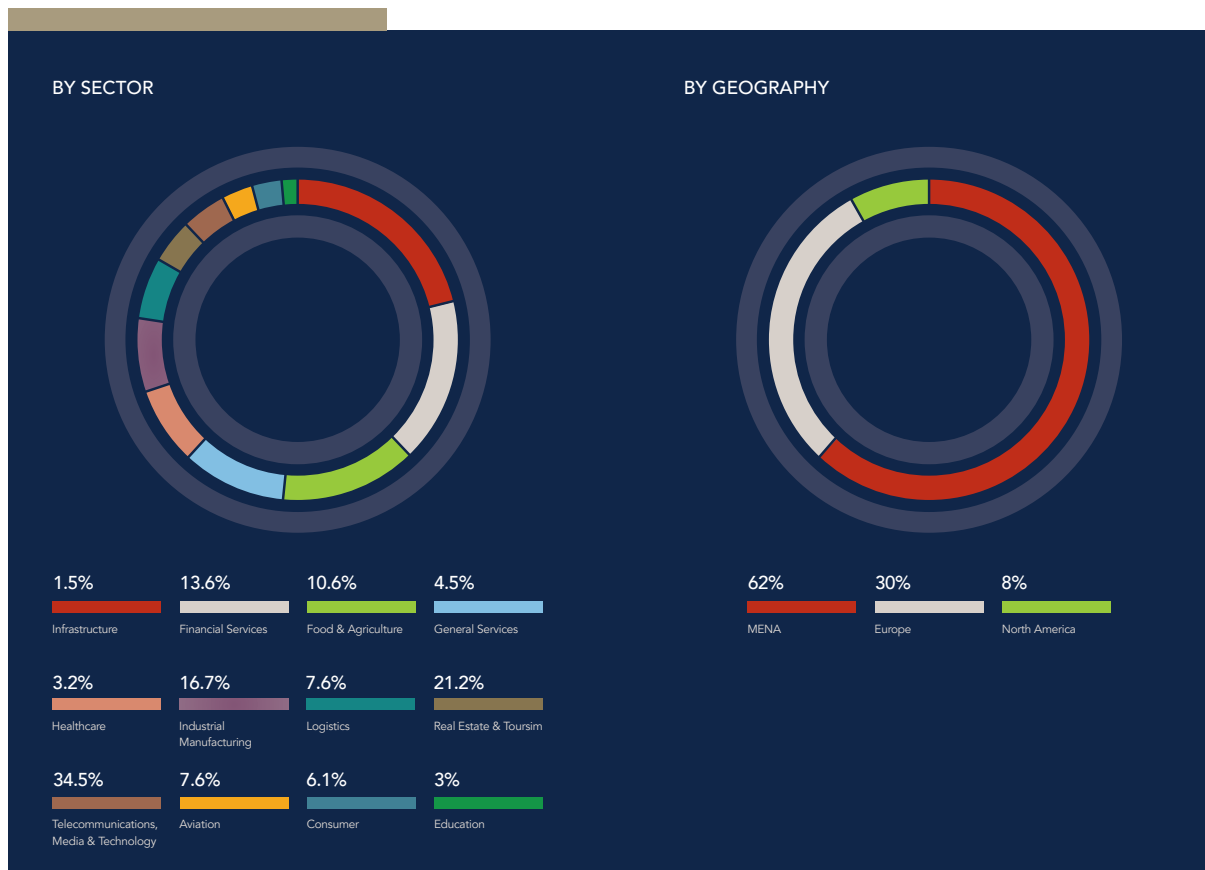
- **Commitment to best practices**

We uphold our commitment to the highest levels of corporate governance and transparency. We operate

in compliance with the Bahrain Code of Corporate Governance and we also maintained our rating of 10/10 in the Linaburg-Maduell Transparency Index issued by the Sovereign Wealth Fund Institute.

## Our portfolio

We hold stakes in over 60 companies across various sectors and multiple geographies. Our portfolio is valued at US \$8.7 billion and our total consolidated assets are valued at US \$16.8 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.

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# Business Review

## Aviation

A critical consumer service, aviation is an indispensable and growing market force. With air passengers increasing globally by 5% annually, efficiency and coordination within supply chains is rising, leading to improvements in productivity and a steady decline in costs. These are interesting prospects for us, guiding our approach.

## Education

With the world's growing population, the education sector continues to be one of our key target sectors locally, regionally and internationally. It encompasses the wider industry of preschool, junior, secondary and tertiary education, training and education support services. Education is witnessing industry-wide innovation, which has disrupted traditional education delivery and allowed for personalised learning, higher engagement and increased access.

We believe in the high value and sustainable growth opportunities that the sector provides as well as its economic and social impact. By investing in education, we are investing in the future leaders of tomorrow.

## Financial Services

The Financial Services sector is being impacted by clusters of innovation. Incumbents in the sector are faced with empowered consumers with changing preferences, a drive towards a cashless world, distributed capital raising and the complete penetration of Fintech across the value chain.

In light of the evolving landscape, we focused on value-creating initiatives within our existing portfolio while continuing to seek commercially viable investment opportunities.

## Industrial Manufacturing

Not only does the industrial manufacturing sector enhance and diversify our portfolio, but it also helps improve people's lives and supports our economy. The sector remains resilient despite uncertainty around tariffs and ongoing trade negotiations in addition to skilled talent shortages and straining supply chains. Our investments continue to grow as we are targeting companies that have a potential for expansion within subsectors.

## Real Estate & Tourism

Our real estate portfolio is growing and diversifying as we continue to invest internationally in high quality long-term yielding properties in cities with solid economic and market fundamentals, especially in the United States and Europe. We continue to look for value-add investment opportunities in various subsectors including offices, industrials, multifamily and student/senior housing.

## Telecommunications, Media & Technology (TMT)

With the global economy in the midst of a technological revolution, we are looking to invest in a number of sub-sectors within the broader field of TMT. These include a variety of software-based, technology-enabled businesses across Fintech, Edutech, Medtech and others. We are also looking at cloud businesses providing SaaS (software as a service) and IaaS (infrastructure as a service) solutions. Other areas that we are interested in are e-commerce, cyber security and technology in media.

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

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## Operations Overview

### Our team

As a long-term investor, our people are the fundamental building blocks of our success. With a team of approximately 80 staff who are dedicated, efficient and committed to upholding our values of leadership, collaboration and transparency, we work together to achieve our vision of generating sustainable wealth for Bahrain.





### Legal & Risk

In pursuit of accountability, our legal and risk teams provide provision for all required legal services and support to safeguard our interests while mitigating risks. The work of our legal team who facilitate contract reviews, due diligence and successful closings of our projects is indispensable to our investment mandate.

#### Key Milestones in 2018:

We always strive for excellence with collaboration and teamwork at the core of what we do. Our legal team's professionalism sets a true example for how we strongly abide by our values. For the second consecutive edition, the team has been selected as one of the top 100 in-house teams in The Legal 500 GC Powerlist Middle East: Teams, a publication that ranks the region's legal in-house providers, reflecting the high calibre of the department. Throughout the year, the team continued to improve its legal support to the organisation's different departments, and is developing a framework for the standardisation of common legal documents and developing check lists to ensure efficient and timely review.

As part of our commitment to support the growth of our people, the legal team organised a series of customised workshops about international mergers and acquisitions conducted by tier 1 international law firms. These workshops have proven to be critical and beneficial, ensuring continued learning across the organisation.

### Finance

Our Finance team sets the ultimate example when it comes to transparency, accurately and efficiently reporting to internal and external stakeholders on a timely basis. The team also ensures that we follow International Financial Reporting Standards, proactively plans and monitors financials through budgeting and forecasting, complies with internal policies, applies the necessary regulations and reporting frameworks and manages our cashflows and liquidity to meet our funding requirements.

#### Key Milestones in 2018:

Our Finance team plays an integral role in supporting our mandate of growing the wealth of Bahrain as they are responsible to make funds available for our investments and other funding requirements. In 2018, the team made a full repayment of the MYR 150 million Malaysian Sukuk in addition to successfully refinancing US \$450 million of loans, extending their maturity date by three years.

With the Government of Bahrain's introduction of the Value Added Tax (VAT), our Finance team ensured the organisation was ready for the upcoming changes. Phase one comprised of an assessment of the impact

of VAT rules and regulations on business operations, registration requirements, IT system requirements and others. This was followed by phase two in which an external consultant was involved. This encompassed the following areas: tax, regulatory and compliance; implementing changes to IT Systems to meet VAT reporting requirements; client and vendor management; training; and organisational readiness.

At the same time, the team continued to manage the financial, reporting risks and compliance risks with no exceptions.

Within the Treasury and Capital Market (TCM) function, while negative market sentiment dominated capital markets in 2018 resulting in negative returns across all traditional asset classes, the TCM portfolio managed to outperform its composite benchmark by 3.31%.

### Information Technology

In today's world, organisations cannot grow without technology. It affects all business operations from communications to investments. As such, our Information Technology's (IT) team is one of our most valuable assets. The role of our IT team includes aligning technology with our business requirements, streamlining our operations while keeping track of the latest market trends and supporting our portfolio companies when needed, ensuring that our information is always secure and protected and much more.

#### Key Milestones in 2018:

In 2018, our IT team focused on increasing operational efficiency and security. They successfully migrated our IT infrastructure to the Amazon Web Services (AWS) cloud, closing our onsite and offsite data centres. This was in line with the Government of Bahrain's Cloud First Policy and we were the first government-owned company in Bahrain to fully migrate all its technology infrastructure. The team also supported some of our local companies to fully migrate to the AWS cloud, namely Bahrain Real Estate Investment (Edamah), Mazad and Khairat Al Bahrain. As a result of the migration, our costs will be reduced by over 50% as data backup, storage and security costs have been cut.

Following our migration, the team overhauled our disaster recovery plan and security platform, ensuring that we are now backed up globally with minimal recovery time in cases of emergency.

### Communications & Public Affairs

As we strive to be a global investment leader, our Communications & Public Affairs team continued to engage with our internal and external stakeholders



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## Operations Overview

through various mediums while working to enhance our digital presence. Their efforts support our organisation in generating confidence amongst our peers, stakeholders and potential investors.

Key Milestones in 2018:

Throughout the year, the Communications & Public Affairs team focused on enhancing our visibility and raising awareness about our investment focus and our role as the Kingdom's sovereign wealth fund. In addition to our involvement in a number of investor conferences and media spotlights of our work, we developed our brand and outreach further for clearer public engagement.

We also continued to support Bahrain International Circuit (BIC), a wholly owned subsidiary of Mumtalakat, by launching a digital campaign to promote the Bahrain Grand Prix. Notably in 2018, our physical presence in the Formula 1 Gulf Air Bahrain Grand Prix was enriched through our partnership with McLaren and the development of an exclusive programme for our business guests and portfolio companies.

Our team also played a key role in the participation of one of our associate companies in the aviation sector, FAI Group, at the fifth Bahrain International Airshow for the first time. FAI, a leading provider of mission-critical aviation services based in Germany, showcased their D-AFAN Challenger 850 aircraft at the airshow, which offers spacious, flexible cabins for VIP transport and air ambulance requirements.

As part of our efforts to enhance collaboration and facilitate a culture that promotes knowledge sharing, our Communications & Public Affairs team kicked off a series of Lunch & Learn workshops for Mumtalakat and Group employees. Our first workshop focused on cybersecurity and cloud computing for business efficiency while our second workshop explored the role of legal practitioners in crisis management and ensuring transparency in light of current legislations.

The team also enhanced its community outreach efforts, partnering with The Conserving Bounties Society, a local non-profit organisation that aims to provide high quality meals for people in need. This heralded the launch of a new online campaign and annual programme, the #SpiritOfRamadan whereby our colleagues supported the Society in packing meals during the holy month of Ramadan, increasing awareness of food wastage and the underprivileged.

At the same time, we continued our annual awards programme and the inter-linked digital campaign 'Many Stories, One Bahrain', which were launched in 2017. We

ended the year by recognising and commemorating our Group's outstanding employees in the lead up to Bahrain's National Day, which also coincided with the launch of our enhanced brand.

### Human Resources

The success of our organisation can only be driven by our people. We can only reach our ultimate objective of growing the wealth of Bahrain through hiring and retaining the right calibre of professional individuals. We cultivate culture focused on professionalism, diversity and continued development in line with market dynamics. Not only are we focused on the progression of our people, but we also look at enhancing the overall performance of our organisation. We do this by ensuring that the strategic objectives and business plans between our investment and support functions are aligned, while setting and overseeing key performance indicators across all functions

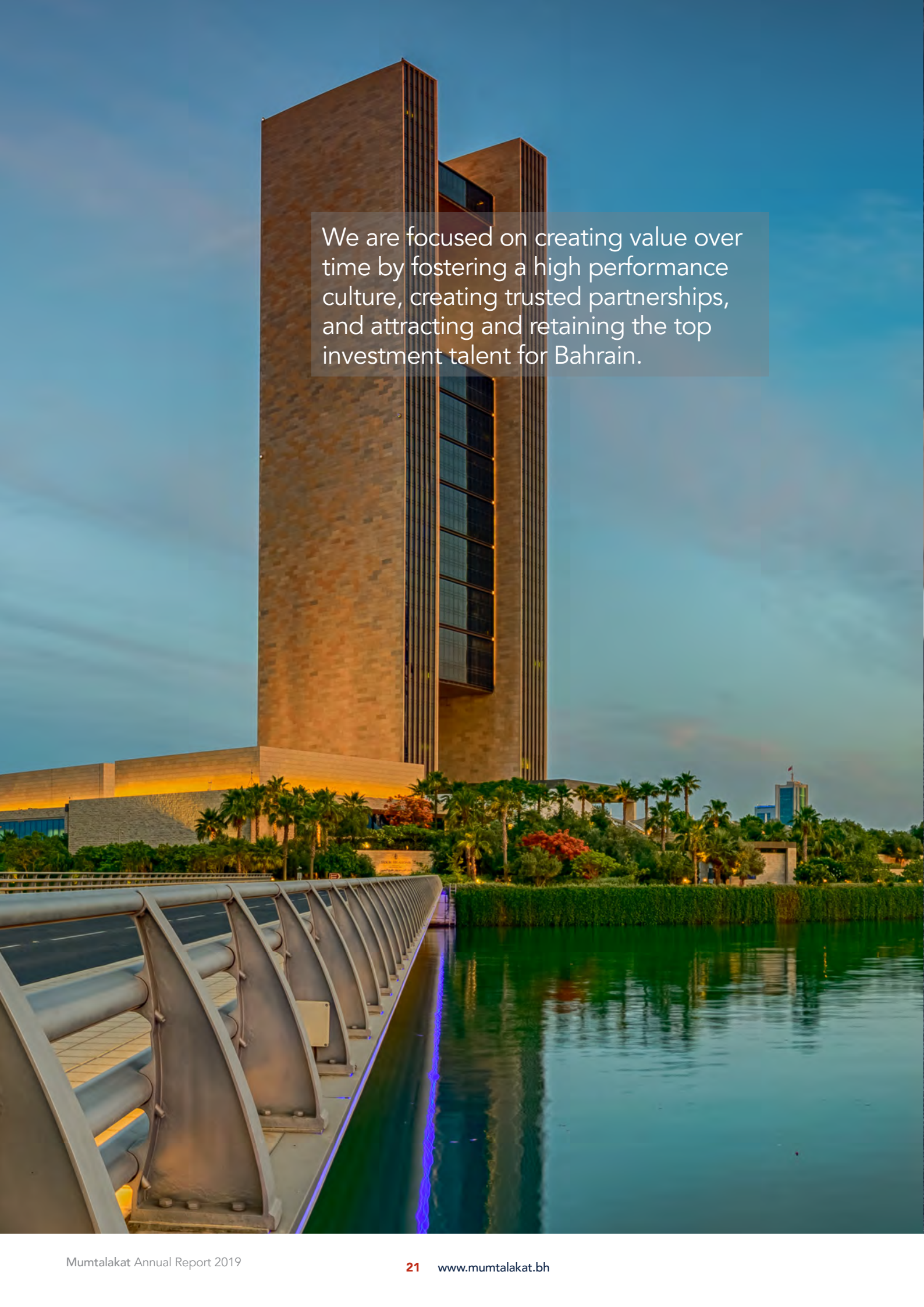
Key Milestones in 2018:

With investments being at the core of what we do, our HR team organised a financial bootcamp for our investment deal support team to refresh and boost their investment skills.

In line with our mission of growing the value of our portfolio companies and enhancing their performance, our HR team revised the structure of our investment team in 2018 and created a Special Situations Unit that provides high level intensive support and strategic interventions in critical situations with a focus on value preservation.

As we seek to establish new companies in sectors that diversify our economy in Bahrain, our HR team also established an agile structure for new ventures to allocate resources across our functions in order to ensure that these companies have the full support they need at the incubator stage.

Promoting a culture of openness, collaboration and transparency, our HR team conducted an engagement study to measure our engagement levels within the company and enhance team spirit. Through this study, the team identified areas for improvement and conducted action planning workshops to help foster an environment that nurtures positive working relationships.



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 hair, wearing a dark suit, is seen from the side, looking at a laptop screen. The laptop is open on a wooden desk. The screen displays a website with a header and several columns of text. In the background, there are papers and a blurred figure of another person, suggesting a busy office environment.

# 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

Risk management is a key component to our approach to ensure that risks are sufficiently measured, monitored and managed across our company.

Our Board of Directors holds the ultimate responsibility for establishing our risk culture and ensuring that a robust risk management framework is in place. The Board of Directors has delegated these duties to the Board Audit & Risk Committee (BARC), which is responsible for assisting the Board in identifying and managing the principal risks of the company and monitoring the adequacy of risk reporting processes. The Risk Management Department, Compliance function, and Internal Audit work closely to ensure that the various risks to which Mumtalakat could be exposed are sufficiently measured, monitored, and managed in accordance with Board approved policies. This is supplemented by regular updates where a quarterly risk report is submitted on a biannual basis to our Executive Management Committee and the BARC. The Quarterly Risk Report presents the range of risks that Mumtalakat faces, or could potentially face, classifies those risks into the major risk categories and rates those categories from low to critical. The Risk Assessment Report presents a semi-annual position of Mumtalakat's risks at an enterprise level, also showing the individual assessment of each of those risks, controls in place, and any changes in rating.

## Corporate Governance

Since our inception, our mission has been to manage our companies and grow the wealth of Bahrain by adhering to the highest standards of transparency and corporate governance in our operations.

We are committed to best corporate governance practices. These practices include:

- Our compliance with the Bahrain Code of Corporate Governance while encouraging our portfolio companies to do so.
- Regular audits of our operations from an external auditor, an internal auditor and the National Audit Offices of the Kingdom of Bahrain.
- Incorporating the Generally Accepted Principles and Practices of Sovereign Wealth Funds (the Santiago Principles).
- Defining the relationship and means of engagement between our board of directors, managers, and shareholders to ensure transparency, accountability, fairness and responsibility.
- Establishing board and management committees for efficient oversight.



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## Board of Directors

We are guided by our Board of Directors, comprising of 9 members from both the public and the private sectors.

Our Board is 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 Khalid Al Rumaihi  
Chief Executive Officer, Bahrain  
Economic Development Board



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



Dr. Samer Al Jishi  
Managing Director of BFG International



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



HE Kamal bin Ahmed Mohammed  
Minister of Transportation &  
Telecommunications



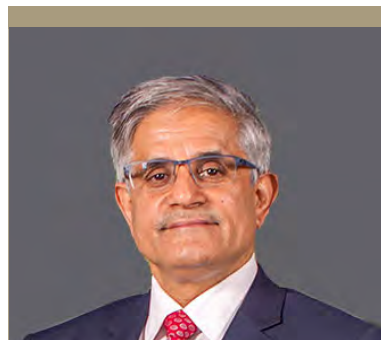
HE Zayed bin Rashid Alzayani  
Minister of Industry, Commerce and  
Tourism



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

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## Senior Management



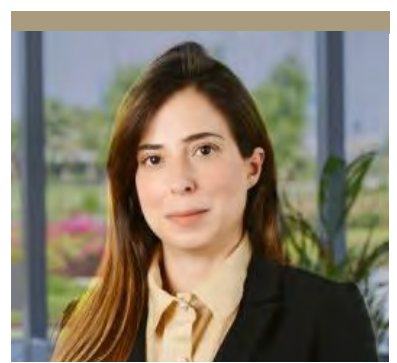
Mahmood H. Alkooheji  
Chief Executive Officer



Paul Scott  
Chief Investment Officer



Aysha Abdulmalek  
General Counsel



Mona Semaan  
Head of Human Resources



Suha Karzoon  
Chief Financial Officer



Rima Al Masri  
Chief Operating Officer and Corporate  
Secretary



Mohamed Sater  
Head of Information Technology (IT)



Suha Matar  
Head of Communication and Public Affairs



# Independent Auditors' Report



Ernst & Young Middle East  
P.O. Box 140  
10th Floor, East Tower  
Bahrain World Trade Center  
Manama  
Kingdom of Bahrain

Tel: +973 1753 5455  
Fax: +973 1753 5405  
manama@bh.ey.com  
C.R. No. 29977-1

## **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 2018, 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 2018.

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 9 May 2019. 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.

Building a better  
working world

## **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.

## Credit Ratings

Our ratings for the year ended 31st December 2018 are as follows:

### Fitch Ratings:

Long-term	Issuer	Default	Rating: <b>BB-</b>
Senior	Unsecured		Rating: <b>BB-</b>
Short-term	Issuer	Default	Rating: <b>B</b>
Outlook: <b>Stable</b>			

### Standard & Poor's:

Long-term	Issuer	Credit	Ratings: <b>B+</b>
Short-term	Issuer	Credit	Ratings: <b>B</b>
Outlook: <b>Stable</b>			

### Linaburg-Maduell Transparency Index Ratings:

10/10 transparency rating

# Consolidated Statement of Financial Position

31 December 2018

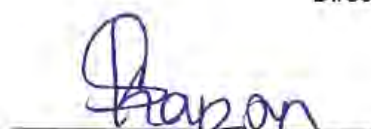
	2018 BD '000	2017 BD '000
<b>ASSETS</b>		
Cash and bank balances	286,601	337,214
Derivative financial instruments	4,114	5,704
Trade accounts receivable, prepayments and other receivables	357,229	337,031
Inventories	359,237	273,957
Investments carried at fair value through statement of income	493,360	259,674
Non-trading investments	-	271,838
Investment in associates	611,344	598,375
Investment in joint venture	19,934	7,694
Investment properties	466,284	405,226
Property, plant and equipment	2,310,933	1,864,236
Other assets	126,003	131,752
Intangible assets	623,880	595,995
Goodwill	646,896	665,794
<b>TOTAL ASSETS</b>	<b>6,305,815</b>	<b>5,754,490</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Borrowings	1,893,214	1,658,055
Derivative financial instruments	13,976	8,204
Trade accounts payable, accruals and other liabilities	1,071,981	844,345
Employees' end of service benefits	17,865	17,856
<b>Total liabilities</b>	<b>2,997,036</b>	<b>2,528,460</b>
<b>Equity attributable to shareholder of the parent</b>		
Share capital	2,000,000	2,000,000
Capital contribution	463,678	421,377
Statutory reserve	62,609	57,801
Other reserves	(45,802)	45,551
Retained earnings	293,391	220,144
	<b>2,773,876</b>	<b>2,744,873</b>
<b>Non-controlling interests</b>	<b>534,903</b>	<b>481,157</b>
<b>Total equity</b>	<b>3,308,779</b>	<b>3,226,030</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,305,815</b>	<b>5,754,490</b>



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 2018

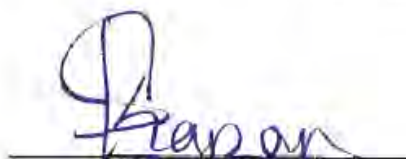
	2018 BD '000	2017 BD '000
Revenue	2,063,687	1,497,459
Direct costs	(1,819,278)	(1,280,726)
<b>Gross profit</b>	<b>244,409</b>	<b>216,733</b>
Dividend income	13,784	8,378
Gain on investments carried at fair value through statement of income	17,947	60,481
Other operating income	54,456	29,600
Government assistance	39,943	38,137
Selling and distribution expenses	(119,654)	(111,984)
Administrative expenses	(203,315)	(127,549)
Other operating expenses	(7,413)	(14,309)
<b>Operating income</b>	<b>40,157</b>	<b>99,487</b>
Share of profit of associates and joint ventures	55,702	14,794
Gain on deemed disposal of associates	-	250,792
Interest income	6,579	3,977
Interest expense	(49,446)	(38,911)
Fair value loss on revaluation/settlement of derivatives (net)	(633)	(2,746)
Impairment losses	(601)	(105,468)
<b>NET PROFIT BEFORE TAX FOR THE YEAR</b>	<b>51,758</b>	<b>221,925</b>
Income tax credit (expense) for the year	4,081	(11,342)
<b>NET PROFIT FOR THE YEAR</b>	<b>55,839</b>	<b>210,583</b>
<b>Attributable to:</b>		
Shareholder of the parent	48,082	181,029
Non-controlling interests	7,757	29,554
	<b>55,839</b>	<b>210,583</b>



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 2018

	2018 BD '000	2017 BD '000
<b>NET PROFIT FOR THE YEAR</b>	<b>55,839</b>	<b>210,583</b>
<b>Other comprehensive income</b>		
<i>Items that will be reclassified to consolidated statement of income in subsequent periods</i>		
Movement in cumulative changes in fair values	27	9,266
Share of changes in equity of associates	(4,811)	3,554
Foreign currency translation	(51,770)	43,144
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	579	789
<b>Total other comprehensive (loss) income for the year</b>	<b>(55,975)</b>	<b>128,122</b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>	<b>(136)</b>	<b>338,705</b>
<b>Attributable to:</b>		
Shareholder of the parent	4,999	302,355
Non-controlling interests	(5,135)	36,350
	<b>(136)</b>	<b>338,705</b>

# Consolidated Statement of Cash Flows

Year ended 31 December 2018

	2018 BD '000	2017 BD '000
<b>OPERATING ACTIVITIES</b>		
Net profit before tax for the year	51,758	221,925
Adjustments for:		
Depreciation	98,349	106,033
Amortisation	71,041	24,639
Fair value loss on derivatives	633	2,746
Gain on investments carried at fair value through statement of income	(17,947)	(60,481)
Gain on non-trading investments	-	(4,331)
Gain on derecognition of associates	-	(250,792)
Share of profits of associates and joint venture	(55,702)	(14,794)
Impairment losses	601	105,468
Provision for impairment on trade accounts and other receivables	6,728	526
Provision for impairment of inventories	1,337	196
Loss on disposal and write-off of property, plant and equipment	681	2,598
Interest income	(6,579)	(3,977)
Interest expense	49,446	38,911
Write back of related party payable	(20,000)	-
Employees' end of service benefits	3,026	2,695
Operating profit before changes in operating assets and liabilities	183,372	171,362
Changes in operating assets and liabilities:		
Inventories	(89,702)	(34,061)
Trade accounts receivable, prepayments and other receivables	(23,217)	(77,337)
Trade accounts payable, accruals and other liabilities	272,918	85,181
Cash from operating activities	343,371	145,145
Interest paid	(49,073)	(29,291)
Income tax paid	(4,842)	(1,908)
Derivative financial instruments	(1,692)	(5,552)
Employees' end of service benefits paid	(3,017)	(2,350)
Net cash from operating activities	284,747	106,044
<b>INVESTING ACTIVITIES</b>		
Investment in associates and joint venture	(12,126)	(27,384)
Purchase of investments carried at fair value through statement of income and other investments	(13,868)	(37,993)
Proceeds from sale of investments carried at fair value through statement of income and other investments	80,761	67,643
Purchase of property, plant and equipment	(559,760)	(557,937)
Proceeds from disposal of property, plant and equipment	36,706	605
Acquisition of subsidiaries, net of cash acquired	(15,193)	56,422
Investment in properties	(2,374)	(6,481)
Proceeds from sale of investment properties	67	-
Intangible assets	(127,353)	(50,185)
Other assets	(8,916)	(19,753)
Short term deposits	51,004	(55,125)
Interest received	6,995	3,612
Dividends from associates	35,046	32,004
Net cash used in investing activities	(529,011)	(594,572)



# Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2018

	<b>2018</b> <b>BD '000</b>	<b>2017</b> <b>BD '000</b>
<b>FINANCING ACTIVITIES</b>		
Capital contribution	-	19,646
Proceeds from borrowings	<b>560,097</b>	869,781
Repayment of borrowings	<b>(347,212)</b>	(278,973)
Dividend paid to shareholder of the parent	<b>(20,000)</b>	-
Dividend paid to non-controlling interests	<b>(11,287)</b>	(9,139)
Shares issued to non-controlling interests	<b>74,939</b>	-
Movement in non-controlling interests (net)	<b>(1,959)</b>	1,497
Obligations relating to acquired entities	-	(21,562)
Net cash from financing activities	<b>254,578</b>	581,250
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>10,314</b>	92,722
Exchange (loss) gain on cash and cash equivalent	<b>(2,975)</b>	2,041
Cash and cash equivalents at beginning of the year	<b>239,601</b>	144,838
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>246,940</b>	239,601

# Consolidated Statement of Changes in Equity

Year ended 31 December 2018

## Bahrain Mumtalakat Holding Company B.S.C. (c) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2018

	Share capital BD '000	Capital contribution BD '000	Statutory reserve BD '000	Other reserves BD '000	Retained earnings BD '000	Total BD '000	Non-controlling interests BD '000	Total equity BD '000
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	-	68,508	-	-	-	68,508	-	68,508
Transfer to statutory reserve	-	-	18,103	-	(18,103)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	(9,139)	(9,139)
Acquisition of subsidiaries	-	-	-	-	-	-	141,177	141,177
Other movement in non-controlling interests	-	-	-	-	(539)	(539)	2,036	1,497
Balance at 31 December 2017	2,000,000	421,377	57,801	45,551	220,144	2,744,873	481,157	3,226,030
Impact of first time adoption of IFRS 9	-	-	-	(43,293)	43,194	(99)	-	(99)
Share of changes in equity of associates on first time adoption of IFRS 9/15	-	-	-	(5,274)	3,201	(2,073)	-	(2,073)
Balance at 31 December 2017 as restated	2,000,000	421,377	57,801	(3,016)	266,539	2,742,701	481,157	3,223,858
Net profit for the year	-	-	-	-	48,082	48,082	7,757	55,839
Other comprehensive income	-	-	-	(43,083)	-	(43,083)	(12,892)	(55,975)
Total comprehensive income	-	-	-	(43,083)	48,082	4,999	(5,135)	(136)
Contribution by the shareholder	-	42,301	-	-	-	42,301	-	42,301
Dividend paid to shareholder of the parent	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(11,287)	(11,287)
Transfer to statutory reserve	-	-	4,808	-	(4,808)	-	-	-
Shares issued to non-controlling interests of a subsidiary	-	-	-	297	3,473	3,770	71,169	74,939
Acquisition of subsidiaries	-	-	-	-	-	-	1,063	1,063
Other movement in non-controlling interests	-	-	-	-	105	105	(2,064)	(1,959)
Balance at 31 December 2018	2,000,000	463,678	62,609	(45,802)	293,391	2,773,876	534,903	3,308,779









