

ANNUAL REPORT

2021

# Transformation

with a purpose

Mumtalakat

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# Overview

Today's moves for tomorrow's market  
takes care and imagination





# Overview of Mumtalakat

## Who We Are

Mumtalakat is the Sovereign Wealth Fund of the Kingdom of Bahrain, committed to adding value to our portfolio through collaborative and active management of strategic assets and a balanced investment approach.

Upon our establishment, 29 commercial, strategic non-oil and gas assets representing major local corporations were transferred to us from the Ministry of Finance and National Economy, along with a one-time founding capital of BD5 million. Since then, our portfolio has grown to more than 50 investments, expanding beyond Bahrain's borders and covering diversified sectors.

We constantly seek to develop and transform the fund to drive sustainable financial returns, deliver tangible impact in the economic development of Bahrain and, over the longer term, to grow and diversify our assets by investing in and for the Kingdom.

## Our Strategy

Mumtalakat is committed to enhancing the wealth of the Kingdom of Bahrain through collaborative and active management of national strategic assets and a balanced investment approach. It is important that we work closely with our partners sharing our philosophy of transparency, accountability and responsibility.

We believe in partnerships and pursue an active ownership model that enables us to be an engaged investor that supports the sustainable growth of our assets by collaborative value-creation and supporting its implementation through active management with high quality board representation and strategic insights.

This enables us to continue to support the economic growth of the Kingdom of Bahrain through our local portfolio companies and explore new investment opportunities that are aligned with the economic requirements of the Kingdom of Bahrain.

## Our Transformation

Change is a constant, and the ability to adapt with change is crucial.

Mumtalakat embraces the need to be in lockstep with real time social and business developments that impact our ecosystem. We respond in a deliberate and focused manner to the internal and external areas of our business which require action and intervention in order to be competitive in the markets and communities in which we participate and position ourselves for growth and impact.

To accelerate growth, unlock value and adapt to evolving dynamics, we transformed our approach as a long-term investor to be focused on building collaborative relationships with our stakeholders to generate sustainable returns using a balanced risk and reward model.

By following an active ownership model, Mumtalakat is an engaged investor, focused on driving sustainable growth with our partners with a long-term strategic approach and dedicated support on implementation of key initiatives.

Our new investment approach focuses on local impact investments and will continue to explore international opportunities through global asset management and co-investment opportunities with like-minded institutions.

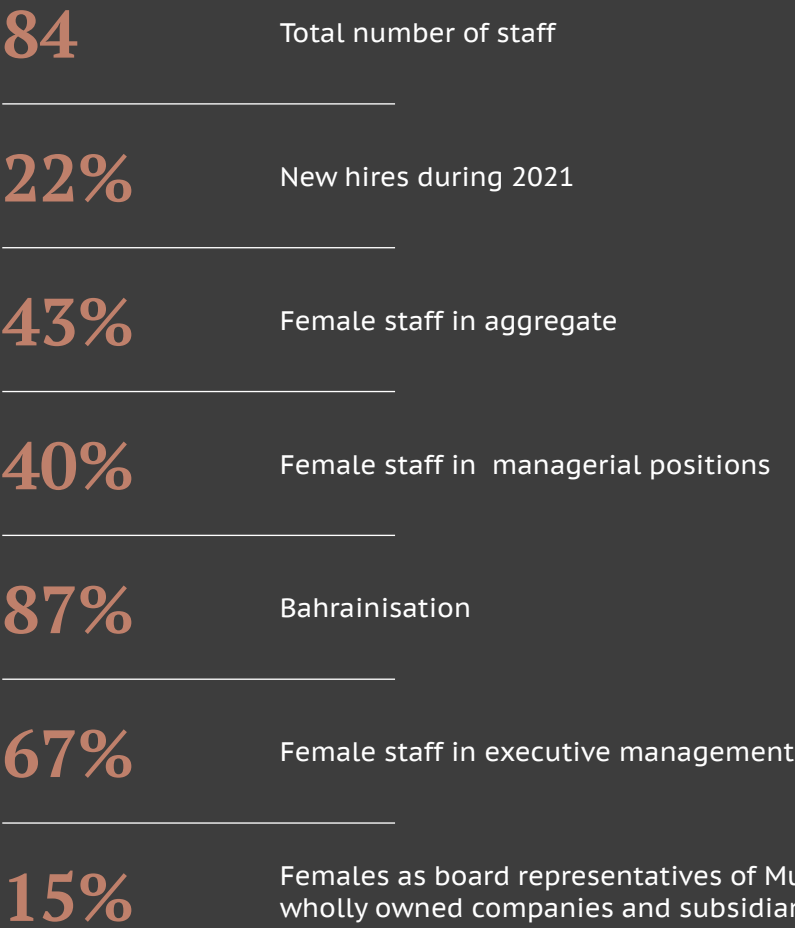
## Our Team

We lay great emphasis on attracting and retaining the top talent to manage our diverse portfolio, including specific sectoral prowess, adding value to our partners as well as to Mumtalakat. This consolidates the collaborative interaction with the various executive management teams within our investee companies.

Our in-house talent includes top-level professional practitioners in every area of the organisation. This encompasses Investments,

administration, financial management, corporate governance, IT systems, legal expertise, and human resources.

We pride ourselves on equal opportunities and ensuring a diverse team across all levels. Our team of 84 staff members grew 22% in 2021, with women representing 43% of the organisation and 66% of executive management.





## Business Review

2021 was clearly a year of transformation and recovery with excellent consolidated results that marked the highest net profits recorded to date since Mumtalakat's inception.

The Group financial results for the year ended December 31, 2021 have rebounded robustly from the previous year (which was impacted by the COVID-19 global pandemic), resulting in a consolidated net profit of BD 329 million in 2021 as compared to a consolidated net loss of BD 528 million in 2020. The significant improvement in net results is attributed to improved operational performance of Alba, a principal company of the Group, as well as lower impairment charges. The operating profit for the year amounted to BD 345 million compared with an operating loss of BD 48 million in 2020.

The Group's revenue increased by 34% from BD 1.6 billion in 2020 to BD 2.2 billion in 2021. The increase is primarily driven by higher LME prices averaging 45%. In addition, the aviation industry experienced modest recovery due to the lifting of travel restrictions, resulting in an increase in Gulf Air ticket sales.

Alba had an exceptional year and achieved a record net profit for the year of BD 452 million compared to a net profit of BD 9.8 million in the prior year. The increase in net profit is primarily due to higher aluminium prices in 2021, continued growth in volumes with Line 6, and cost saving initiatives.

The Group's principal associates, National Bank of Bahrain B.S.C (NBB) and Bahrain Telecommunications Company B.S.C (Batelco) continued to report strong results. The Group's share of profits from Batelco and NBB for 2021 were BD 22.6 million and BD 21.9

million respectively (2020: BD 20.3 million and BD 10.8 million respectively).

Gulf Hotels Group (GHG) revenue increased by 16% Y-o-Y, driven by increased hotel occupancy and improvement in F&B revenues as pandemic restrictions began to ease. Further, GOP margins increased by 21% as certain cost savings achieved during the pandemic were sustained.

Mumtalakat's standalone financial results witnessed a dividend income of BD63.3 million compared to BD49.2 million for the year 2020, and the profits before impairments amounted to BD71.3 million compared to BD68.3 million for the year 2020. A net profit of BD45.6 million was recorded compared to a net loss of BD550.7 million during the year 2020. Dividends of BD20 million were paid to our shareholder, the Ministry of Finance and National Economy as a contribution to the national budget.

Mumtalakat and Abu-Dhabi's sovereign investor, Mubadala, entered into a Memorandum of Understanding, on 13th December 2021 to cooperate on global co-investment opportunities between entities in the UAE and the Kingdom of Bahrain. Mumtalakat will work with Mubadala to activate a collaborative pipeline of co-investment opportunities, share best practices, exchange experiences, and realise synergies between relevant portfolio companies and sister entities.

### Credit Ratings

Credit rating was affirmed at stable **B+/B** by Fitch and S&P respectively.





## Chairman's Message

The year 2021 saw the global economy gradually emerge from the shadows of the COVID-19 pandemic. The world had to start adapting to the “new normal” and the social and economic challenges presented by the pandemic were being tackled.

The IMF projected global economic growth to reach 5.9% during 2021, and 4.9% for 2022 despite geopolitical tensions, global supply chain imbalances, fluctuating energy prices and inflation.

Despite all the challenges, we are proud of what we have accomplished. Our focus on long-term growth and sustainability led our transformation, allowing us to witness exceptional financial and operational growth during 2021.

Assiduous adherence to our guiding principles of proactive collaboration with all our stakeholders, and constant attention to the quality inherent throughout the Group, has contributed to an outstanding rebound in bottom line impact from the previous year, enabling Mumtalakat to take advantage of opportunities and start shaping its future.

Looking out to 2022 and beyond, our ambitions are matched only by our determination to continue building on our strong foundation which we have built, and to pursue further value creation in areas of opportunity.

On behalf of the Board of Directors, I extend my grateful appreciation to His Majesty King Hamad bin Isa Al-Khalifa and His Royal Highness Prince Salman bin Hamad Al-Khalifa, the Crown Prince and Prime Minister, for their wise leadership, vision and guidance.

My thanks also go to all our business partners for their trust and collaboration, my fellow board members for the constant invaluable counsel and support. Lastly, my sincere thanks to the tireless management and staff of Mumtalakat for their dedication and hard work throughout the year.

As we enter 2022, and while macroeconomic challenges, geopolitical tensions and uncertainties remain, I am confident that by working together with the spirit of Team Bahrain, we will continue to grow and succeed.

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



## Chief Executive Officer's Message

As I look back on 2021, and ahead to what comes next, I see Mumtalakat in the midst of an exciting transformation. Despite the global volatile market conditions and operational challenges imposed by COVID-19, 2021 was indeed a productive and transformational year for Mumtalakat.

The comprehensive elements of transformation touched every part of our Group, characterised by active partnership and value extraction not only in portfolio management but also in all our support disciplines.

I am extremely proud of what we were able to accomplish in 2021 and look forward to building on our momentum in the years ahead. Mumtalakat now is not just recovering from the pandemic, but emerging stronger than before.

I am pleased to announce that Mumtalakat has recorded the highest net profit at consolidated levels since its inception. These results are no accident, but rather they are testament to the strength of the foundation that we have built.

We are well positioned to further grow and create value for the benefit of all our stakeholders and we continue to seek promising investment opportunities in growth sectors.

Our team members remain our most valuable resource and a key competitive advantage.

Without exception, our team and that of our portfolio companies both in Bahrain and around the world have shown dedication, resilience, and efficiency throughout the year.

I would like to extend my appreciation and thanks to our board of directors for the ongoing guidance, business expertise, support, and trust.

My thanks go as well to Mumtalakat's team which has risen to the challenge. In a year where businesses and communities have been tested and stretched, they have shown profound dedication, professionalism, and resilience. Our achievements would have not been possible without them.

I am privileged and honoured to be leading Mumtalakat into its next chapter.

**HE Khalid Al Rumaihi**  
Chief Executive Officer





# Operations



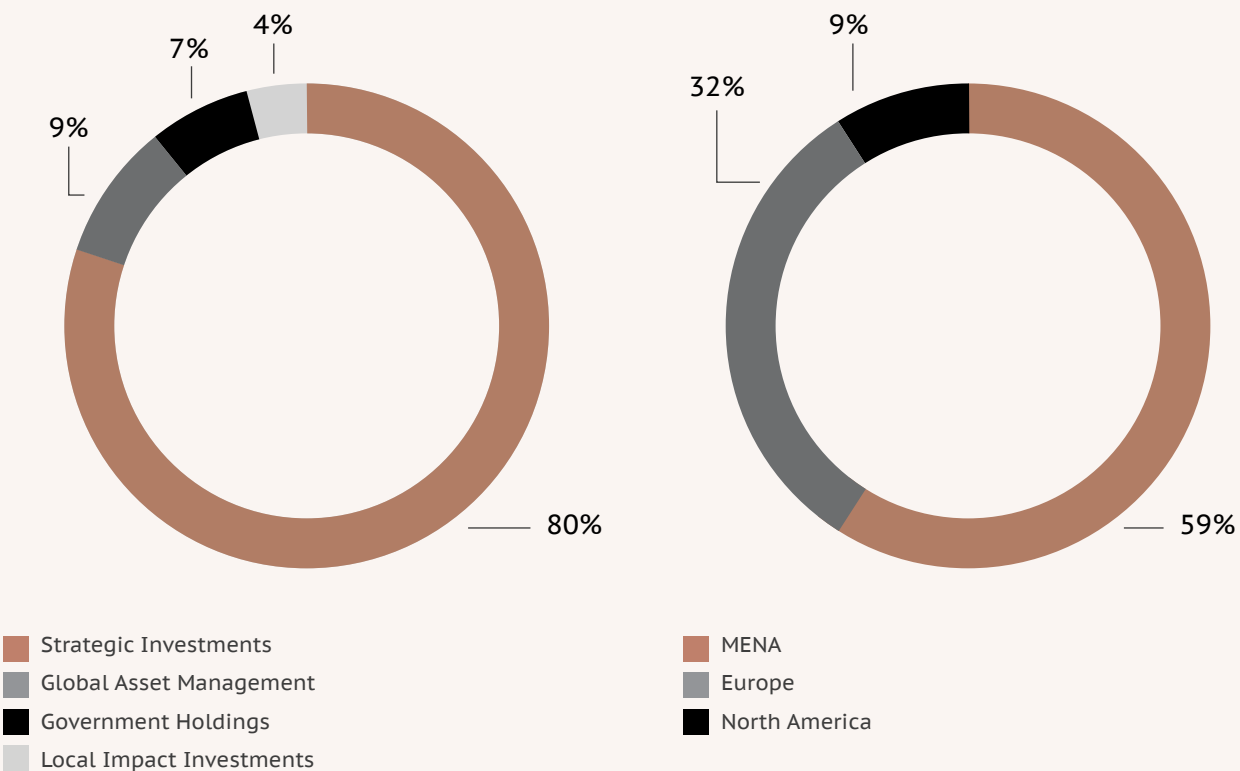


# Investments

We seek to maintain a balanced and diversified portfolio of select assets across local, regional, and international markets. Our portfolio includes over 50 companies as well as majority stakes in strategic Bahraini companies which account for 18% of the Kingdom’s GDP and support more than 12,000 jobs in Bahrain.

## Portfolio Diversification

Our portfolio has grown from 29 to over 50 companies and corporate investments in 15 years across a wide range of sectors such as Real Estate, Financial Services, Industrial & Manufacturing, Food & Agriculture, Aviation and numerous others with operations spanning across 13 countries.



Our portfolio is managed by specialised teams, fully cognisant with their respective asset classes, which includes Local Impact Investments, Government Holdings, Global Asset Management, and Strategic Investments.

## Strategic Investments (SI)

The Strategic Investments team oversees a portfolio of Bahrain-based strategic investments and international direct investments, creating value and generating sustainable financial returns through strong partnerships and active management of our portfolio companies.

### Milestones:

- Over the course of 2021, SI conducted an extensive search process to recruit seasoned industry professional executives with proven track-records as NEDs in portfolio companies and developed an active engagement framework with Board and Management teams to drive forward on our long-term value creation plans.
- As part of SI’s active management approach, the SI team closely collaborated with, and where appropriate, seconded resources to portfolio companies to drive the execution of critical initiatives and strengthen our relationship with our management teams.
- SI has collaborated with other shareholders to enhance governance by setting up new committees to execute key value creation initiatives, conduct comprehensive strategy reviews, and work closely with management teams in developing and executing 5-year business plans.



Operations / Investments / Strategic Investments (SI)

## Portfolio performance:

The SI portfolio performed exceptionally well in 2021, driven by a strong year for Alba as a result of realising the full impact of Line 6, strong aluminium prices, and cost management initiatives. This has underpinned a strong rebound in total portfolio free cash flows as well as lower net debt.



ALBA experienced an exceptional year driven by record production coupled with record aluminium prices. ALBA achieved an all-time production record of 1,561K metric tonnes (vs. 1,549K in 2020) and higher sales volume of 1,551K (vs. 1,541K in 2020). The company also recorded its highest ever revenue and profit figures, driving its highest ever dividend pay-out of \$300m. Leading by example to deliver on Bahrain's objectives of reaching Net Zero Emissions by 2060, ALBA also created an ambitious ESG roadmap of key initiatives including specific decarbonisation targets, sustainable energy solutions, enhancement of employee welfare, and programs to collaborate with local universities to foster local talent. Mumtalakat continues to actively support the management on driving key strategic and value-creation initiatives in order to maintain the positive momentum into 2022 and beyond.



Batelco witnessed improved performance across its operating platform in 2021. Positive revenue and EBITDA trends were driven by growth across most of its product and service lines. The Maldives subsidiary also experienced a rebound in performance as COVID restrictions eased and resorts opened, driving tourism and in turn roaming and data services. The company expects the revenue and EBITDA figures to continue growing in 2022 across services and geographies.



NBB showed enhanced business performance in 2021 while continuing on its journey of innovation and digital transformation. The bank announced its partnership with Comarch, a renowned global software house and system integrator driving personalised business solutions and services. NBB continued its focus on ESG and talent development. The bank launched its own Data Literacy Academy, which aims to ensure that staff are equipped with the right skills to meet the needs of a digital economy. NBB secured accolades in three categories at the International Business Magazine Awards 2021 including Best Transformation Bank 2021 in Bahrain, Best Sustainable Bank in Bahrain, and Banking CEO of The Year in Bahrain. The bank was also awarded the Outstanding Leadership in Sustainability Transparency Award from Global Finance's Sustainable Finance Awards 2021 in recognition of its efforts.



In 2021, FAI witnessed record earnings performance as demand soared for private jet charter services amidst health concerns and travel restrictions during the pandemic, leading consumers to look for full control over their travel experience. Additionally, throughout the pandemic, FAI has provided safe travel solutions for private individuals and NGOs through industry-leading air ambulance services, evacuating infected patients around the world.



Edamah continued to demonstrate its significant contribution to the real estate industry in Bahrain with its iconic developments garnering regional attention and winning several accolades at the prestigious Arabian Property awards. This includes Edamah's Bilaj Al Jazayer "BAJ" Development, a 1.3 million sqm mega-project winning a five-star award for Best Leisure Development Bahrain. Edamah also won the new Hotel Construction & Design Bahrain award for its five-star Jumeirah Gulf of Bahrain Resort and Spa, which is scheduled to open in 2022; best Retail Development Bahrain for the Sa'ada Waterfront development in Muharraq and Best Commercial Renovation/ Redevelopment for its Salmaniya Carpark Development.

In 2021 Edamah entered into partnerships with leading global hotel operators, having signed a partnership agreement with Minor Hotels Group to develop two hotels at BAJ by 2024, Avani and Tivoli. Edamah also partnered with Accor to open a new Mantis property on Bahrain's Hawar Island, set to open in 2024.



Gulf Hotels Group witnessed a significant improvement in performance due to the easing of travel restrictions and an ongoing recovery from the pandemic which helped drive 16% Y-o-Y growth in group revenue from increased occupancy at its hotels in Bahrain and Dubai. The former has benefited from the reopening of the causeway in FY21 and the latter boosted by increased tourist activity in Dubai supported by the EXPO. In March 2021, the Bahrain Airport Hotel was opened, an 84-room hotel which GHG operates and is owned through a JV with Gulf Air Group Holdings.



Aleastur achieved strong performance in 2021 as demand increased for alloy products globally. Furthermore, despite COVID restrictions, the company was able to achieve significant progress in the construction and commissioning of their new facility in Bahrain, scheduled for an official launch during 2022.



Gulf Cryo received an award from Kuwait's Public Authority for Industry (PAI) for its effective contribution and supply of medical oxygen to Kuwait and neighbouring countries throughout the COVID-19 pandemic in the wake of shortages across other countries. Furthermore, Gulf Cryo expanded its presence in Saudi Arabia and positioned itself as a key regional partner in reducing CO2 emissions by partnering with Petro Rabigh to establish a state-of-the-art carbon capture plant to reduce emissions. It also joined forces with International Maritime Industries to establish a new air separation plant and CO2 capturing plants across the Kingdom.



Despite the semiconductor shortages experienced in the automotive industry, Premo achieved record financial performance driven by growth in demand for its core RFID and inductive component products as well as tight control over its fixed costs.



Operations / Investments /

## Government Holdings (GTG)

Our Government Holdings portfolio comprises government-run assets of national strategic importance to the Kingdom of Bahrain. Held by Mumtalakat, these companies are operated by the relevant government bodies with whom we collaborate closely.

To name a few, these include Gulf Air Group Holding Company (GFG), Gulf Investment Corporation (GIC) and Arab Petroleum Investment Corporation (APICORP).

## Local Impact Investments (LII)

### Overview

Our Local Impact Investments invests in and for the Kingdom of Bahrain to grow and transform industries in the country through competitive advantage and international best practices.

### Milestones and Portfolio performance



General Poultry Company completed a modernisation and expansion project, transforming the company into full automation, using state of the art technology and highest standards of biosecurity. The expansion will double GPC's production capacity of table eggs from ~140k cartons to ~300k cartons by 2023.



During 2021, Arcapita has strengthened its United States real estate portfolio with the acquisition of purpose-built student housing properties and a major FedEx distribution centre. It also launched a dedicated platform focusing on multi-tenant warehousing in partnership with Arden Group.

Additionally, Arcapita has completed its exit from Stratus, a U.S.-based facility services and brand management company.



Over the past year, Mazad held several online and in-person auctions including Edamah- owned land plots; Bahraini fishing boats in partnership with the Ministry of Works, Municipalities Affairs and Urban planning; and vehicle number license plates, the latter featuring the premium "666666" license plate which sold for circa BD 450k.



The American University of Bahrain has finalised its academic partnership with California State University, Northridge, providing students with a pathway to finish their studies in California. The University has also achieved eligibility to proceed with an application for accreditation with the WASC Senior College and University Commission. Additionally, The American School of Bahrain has completed its first year of operation and has commenced its second year with strong enrollment interest from local parents.



GARMCO has reached a final agreement with the High Civil Court and a group of creditors on a reorganisation plan to ensure the continuity of the entity. The comprehensive strategic, operating, and financial plan is aimed at ensuring a globally competitive business with a sustainable capital structure.





## Global Asset Management (GAM)

### Overview

The Global Asset Management team manages a global portfolio with the objective of generating sustainable financial returns through a well-diversified investment framework. The portfolio invests across asset classes, including equities, fixed income, real assets, hedge funds, and private markets.

### Milestones

2021 was a transformational year for the Global Asset Management team, where the team executed on several key initiatives:

- The team reviewed its investment framework, implementing enhancements to its governance and portfolio benchmarking framework.
- The team's manager selection and portfolio construction processes were reviewed and refined.
- New systems were introduced to improve performance measurement, portfolio construction, and risk management.
- A private market advisor was selected to assist with the implementation of the Global Asset Management's private market investment program.





## Human Capital

### Overview

Our highly qualified and passionate workforce is a key driver of Mumtalakat's success. In line with our goal of growing Bahrain's wealth, we remain focused on hiring and retaining talent. Our Human Capital Department actively supports employees in developing their careers and improving their skills, cultivating a culture of trust, collaboration, and high performance.

We aim to be recognised as a centre of excellence for talent management and development, enabling the growth of successful leaders at all levels within Mumtalakat and to play a key role in unleashing the value creation potential across Mumtalakat's portfolio companies, by enhancing the effectiveness and excellence of its boards.

In pursuit of our mandate, we have identified key critical initiatives that will support Mumtalakat in driving its strategy. One of the key milestones is the successful identification and filling of 18 critical positions with top talent, of which female employees represent 50% of new joiners. In Mumtalakat, we pride ourselves to have female employees represent 43% of our workforce, 67% of executive management and hold 40% of all managerial positions within the organisation.

### Milestones and portfolio performance

- Welcoming 18 new staff members which accounted for 22% of total employees and 83% were Bahrainis.
- The boards of most of the key portfolio companies were refreshed during 2021. The new board excellence exercise focuses on evaluating the current needs, to select and appoint the right members who bring the required experience and value to the composition of the board.
- A new and refreshed Performance Development Model was implemented to measure performance levels effectively and accurately. The model was designed to support the achievement of the targeted objectives and develop talent within the organisation and ensure alignment to the overall plan and targets.
- To cultivate a culture of high performance, Human Capital integrated changes to the performance development system to include core and leadership behaviours that drive performance in addition to the creation of a forward-looking process that enriches performance and development dialogues.

## Finance

### Overview

The Finance Department supports the Board and management in the creation of value by providing timely, critical, and effective information to assist them in making strategic decisions.

The department maintains the organisation's books and records in accordance with statutory requirements following the best international practices. In addition, it manages vendors and payment processing.

The department responsibilities include:

- Providing highly reliable, timely and accurate financial information to key internal and external stakeholders while upholding the values of excellence, integrity, and transparency
- Managing proactive financial planning and monitoring through budgeting and forecasting
- Maintaining a strong control environment by ensuring compliance with internal policies, applicable laws and regulations and reporting frameworks
- Managing the organisation's cashflow and liquidity to ensure availability of funds to meet the funding requirements
- Playing an advisory role to investment groups through financial engineering across portfolio companies and passive monitoring of GTG assets
- Providing treasury and other back-office support
- Serving as an independent sounding board on investment valuations

### Milestones

- Successfully migrated to the new ERP systems
- Revamped the existing management reports
- Centralised and streamlined the fair valuation process
- Prepared and updated the 5 Years Long Range Business Plan with multiple scenarios to support the long-term capital allocation plan
- Provided key support in formulating Board and other KPIs, and short to medium term targets



Operations / Finance

## Treasury

### Overview

The Mumtalakat Treasury manages the overall liquidity, funding, and foreign exchange requirements of Mumtalakat as well as managing financial risks relating to exposures such as foreign exchange and interest rate risk, including regularly evaluating and implementing appropriate hedging strategies against exposures.

Treasury is also responsible for the Mumtalakat Banking Relationships.

### Milestones

- Successfully added new, and strengthened existing banking relationships in the current financial climate.
- In 2021 Mumtalakat successfully booked one of the first international transactions without linking to Libor, by using an alternative “risk free rate” for US Dollar (SOFR- “Secure Overnight Financing Rate”), further strengthening Mumtalakats position as a leader and trend-setter in latest market developments and standards.
- Successful repayment of US\$ 600million sukuk in November 2021.
- Libor Transition – Assessing potential impact of the Libor transition and leading discussions with regional and international banks on the suitable methodology.

## Risk Management and Performance Measurement

### Overview

The department provides oversight and appropriate risk governance that serves to minimise significant risks, throughout BMHC, via the application of effective risk management principles that support the organisation in identifying, managing, and monitoring risks.

It oversees standards in the portfolio management process and promotes sustainable growth and portfolio resilience through prudent risk management.

In addition, it ensures integrity of performance management through quality assurance in valuations and metrics and actively fosters a risk-conscious culture that ensures embedding risk management within the day-to-day processes and decision making within the organisation.

The Risk Management and Performance Measurement department also oversees Mumtalakat’s Business Continuity Planning framework in coordination with other relevant departments within the Company.

### Milestones

- Conducted an in-depth risk review for the two largest portfolio assets, identifying the main risk and value drivers
- Provided quality assurance for the portfolio valuation and performance metrics and parameters, strengthening the integrity of the performance management process
- Reviewed the organisation’s departmental policies and provided input and feedback to ensure risk management principles are embedded within the policies
- Conducted a reassessment of balance sheet risks and related appetite thresholds
- Shifted the metrics used for measuring volatility, moving to metrics that can be embedded within the organisation for decision making and are directly linkable to action
- Established a Risk Champion Framework that enables designated champions to develop an understanding of the risks pertaining to their department and promote risk awareness amongst other department members, serving as a catalyst in instilling risk culture within the organisation



Operations /

## Corporate Services

### Information Technology

#### Overview

Technology plays a pivotal role in enabling the mandates of Mumtalakat's business units. Technology achieves this by driving digital transformation, leveraging business intelligence tools and automation, with the goal of increasing productivity, enhancing collaboration, and capitalising on our information assets to derive profitable insights.

While doing so, we maintain high standards to protect Mumtalakat and its digital assets against cyber security risks. We also strive to maintain a holistic portfolio-level view towards technology and cyber security, beneficial to Mumtalakat and its holdings.

#### Milestones

- 2021 was dedicated to strengthening our technology foundation. Across our investment and operations functions, we have overhauled the core systems that serve those business units. The investment and technology teams worked in tandem to substantially improve the quality of our portfolio data and to build the analytics dashboards required to help us derive insights and make profitable decisions. Along the way, we uncovered opportunities to increase efficiency, which we will prioritise in 2022.
- We have completed a step change in how we capture, monitor, and report on our investment portfolio. We are now reliant on digital platforms to centralise and process this information, serving as a single source of truth for data related to our investments.
- We have acquired a new 'Low Code' platform to advance our business process automation capabilities. This will allow our Technology team to build tools to bridge cross-functional gaps to increase process efficiency across the company.
- All our business systems were moved to the Cloud this year. This has allowed our Technology team to shift focus to value-added activities for our business units, while prioritising Amazon Web Services to handle our underlying infrastructure requirements.

### Legal

#### Overview

Safeguarding our organisation's legal interests and mitigating legal risks are vital to the success and security of our business. Our legal team oversees these key areas and strives to provide efficient and timely legal support across the different functions of the institution to enable them to successfully achieve their objectives.

Legal support is also extended to our portfolio companies when needed with the aim of building a legal centre of excellence that can benefit portfolio companies within the group.

#### Milestones

- Conducted an in-depth review of global privacy laws and regulations that are applicable to Mumtalakat to not only ensure compliance with such laws and regulations but also to ensure Mumtalakat applies an international benchmark when it comes to privacy standards which follow global best practice.
- The team continued its efforts towards increasing the standardisation of documents and streamlining review processes across different functions.

### Government & Parliamentary Affairs

#### Overview

The department is responsible for all matters related to the Government and Parliament, such as attending public and parliamentary debates and supporting internal units and portfolio companies in public outreach.

The main objectives of the department can be summed in (1) Handling and liaising with public entities including Parliament and supporting portfolio companies in their public positioning efforts, (2) Being in charge of the process of the National Audit Office (NAO) in terms of providing data, following up on findings and reporting the results/progress to the Board Audit and Risk Committee (BARC), and (3) Coordinating with the Supreme Judicial Council (SJC) and handling the entire process of submitting to SJC all the required financial disclosures of our appointed directors representing Mumtalakat in the subsidiaries' board of directors.

#### Milestones

- Managed the process of the 6th amendment of Mumtalakat's Articles of Association (AoA).
- Initiated and managed the process of naming the shareholder of Mumtalakat. As a result, the Decree (123) of 2021 was issued naming the Minister of Finance as the representative of the shareholder.
- Updated the directors' register and obtained from Supreme Judicial Council (SJC) the disclosures' due dates of all the 159 directors in our database, representing Mumtalakat in 87 companies. 88 disclosures were due for the year 2021 which we completed, signed, and submitted to SJC before the year end.
- Negotiated the National Audit Office (NAO) draft report of the 2nd follow-up of the Human Resources audit and succeeded in changing 5 out of 27 results positively, 2 of them were "Unimplemented". This resulted in ending with zero negative results in the final report issued in August 2021.
- An amended and more customised disclosure form to SJC officials was negotiated and agreed with the aim being to simplify the form and facilitate the disclosure process.



Operations / Corporate Services

## Procurement

### Overview

All procurement purchases are centralised with the Procurement Department.

The department oversees the centralised management of goods/services that are classified as either: Investment or Non-investment purchases while ensuring compliance with the Procurement Policy and Procedures and the Tender Law as set out by the Bahrain Tender Board.

The department acts as a driver of transparency and accountability in administering and managing all procurement activities. It also supports in negotiating with suppliers to ensure cost savings are achieved where possible.

In addition, it implements effective contract management, prepares and submits the organisation's Procurement Plan on a yearly basis to the Bahrain Tender Board which details the list of purchases that the company intends to commit to annually.

### Milestones

- Cost savings of 27% was achieved whereby Procurement negotiated the offers submitted by the awarded bidders and was able to achieve a discount on the overall quoted fees.
- Digitisation of Procurement Processes: The Infor ERP system went live in 2021. With this system coming online, Procurement was able to digitise 90% of its work processes. This included digitising purchase requisition forms; introduction of "Contract Management" enabling business units to monitor their contract spend; and linking purchase requisitions to purchase orders efficiently on Infor.
- The Procurement Policy and Procedures were updated to ensure compliance with the Tender Board Law and to reflect the centralisation of purchases by the Procurement Department.
- Procurement Infor Module Implementation: With the implantation of Infor, the Procurement Department worked with Infor to develop a "Procurement Module" that has digitised several procurement processes and is now being used by both the Procurement Department and Mumtalakat personnel.
- With the centralisation of the purchases with the Procurement Department, and the update to the Procurement Policy and Procedures, awareness sessions were held with Mumtalakat personnel to educate them of the changes. In addition, workflows and playbooks were distributed to personnel that detail the procurement process.

## Administration

### Overview

The Administration department of Mumtalakat is responsible for ensuring a prompt, coordinated and comprehensive response to general services support in every area of the business and related issues affecting the quality of the work environment for employees.

### Milestones

- Met the administration requirements of the organisation in an efficient and timely manner.
- Commenced the process for refurbishment of the Company's Arcapita offices.
- Managed the transition to the temporary offices of Mumtalakat in a timely manner without any disruption of work.
- Devised health and safety procedures to support Mumtalakat's employee's health and safety.
- Ensured the safety and wellbeing of Mumtalakat employees during Covid-19 pandemic.



## Communications & External Affairs —

### Overview

The Communications & External Affairs department is dedicated to enhancing and upholding Mumtalakat's brand and reputation by telling the Mumtalakat story and ensuring that our stakeholders are well informed of our progress and key achievements.

The department support in high level speaking engagements and thought leadership speaking opportunities for the CEO and executive management team members.

Our support is also extended to our portfolio companies providing them with guidance, content and feedback when needed.

The Communication department manages Mumtalakat's website and social media accounts making sure they are up to date with the latest news and announcements in addition to processing any received request for information.

### Key Milestones

- The department initiated a rebranding exercise to be concluded and launched in Q1, 2022.
- A new website is underway to reflect the new brand and strategy. The new website is planned to be launched in Q1, 2022 with the Arabic version to be launched in Q2, 2022.
- Supported the CEO and executive management in several speaking engagements.
- New department related frameworks and procedures were initiated.

## Corporate Strategy & Planning —

### Overview

The Corporate Strategy and Planning department is responsible for driving organisational excellence by acting as a thought partner to the other Business Units. The department's mandate is to proactively ensure strategic alignment across the organisation which includes ensuring each department's priorities are in line with the overall organisation's strategy. Corporate Strategy & Planning also undertakes the function of performance management including facilitating Key Performance Indicator (KPI) setting and monitoring organisational performance against set KPIs.

### Milestones

- Enabling roll out of Mumtalakat's strategy across the organisation through facilitating setting of Strategic Initiatives.
- Institutionalising a performance management system of KPI setting and monitoring.
- Setting a regular cadence of performance check ins to drive a high-performance culture.



# Governance





Governance /

Mumtalakat strives to incorporate and continuously evolve the highest standards of corporate governance in every aspect of our business. We adhere to the Corporate Governance Code issued in 2011 by the Ministry of Industry, Commerce and Tourism in Bahrain. The guidance therein elaborates on key governance principles, designed to assist companies in managing, leading, organising, and monitoring their business affairs.

**1 Description of the actions taken to complete the Corporate Governance Code during the year 2021 and how they were applied.**

Mumtalakat is governed by the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001 ("Commercial Companies Law"), the Principles of the Corporate Governance Code ("Governance Code") as issued by the Bahrain Ministry of Industry, Commerce and Tourism ("MOICT") and the Company's corporate governance framework.

Mumtalakat views corporate governance as the manner in which members of the Board of Directors, shareholder, management and employees of Mumtalakat are organised and how they operate in practice. The highest standards of corporate governance involve keeping business practice above reproach and thus retaining the trust and confidence of all the stakeholders who enable Mumtalakat to operate, thrive and prosper. The Company seeks to achieve the highest level of transparency, accountability and efficient management through the adoption and pursuit of strategies, objectives, policies, and procedures that ensure the fulfillment of its organisational and ethical responsibilities.

During the Fiscal Year ended December 31, 2021 ("FY21") the Company's appointed Corporate Governance Officer ("CGO") coordinated with the Board Compensation and Governance Committee and the Board of Directors to ensure compliance with all corporate governance rules, laws and regulatory requirements in the Kingdom of Bahrain as well as the best corporate governance practice used internationally.

This report outlines the Company's adherence to the Governance Code as well as the Company's corporate governance framework. Mumtalakat was in compliance with substantially all of the material provisions of the Governance Code and the Company's corporate governance framework.

**2 Description of the transactions of the directors, their spouses and children in respect of the Company's shares during FY21**

The Government of the Kingdom of Bahrain is the sole owner of Mumtalakat. Therefore, this section is not applicable.

**3. Composition of the Board:**

- a. Description of the current Board composition:  
The Articles of Association of Mumtalakat state that the Company shall be administered by a Board of Directors consisting of no less than seven members. As at December 31, 2021 the total number of Directors appointed to Mumtalakat's Board of Directors was nine members.

The table below provides information regarding the current Directors, including their names and position, type (executive, non-executive or independent) and first date of Board appointment.

- b. Description of the following:

Name	Type (executive, non-executive or independent)	The period of his term as a director of the Company starting from the date of his first election or appointment
H.E. Shaikh Khalid bin Abdulla Al Khalifa <b>(Chairman)</b>	Non-Executive and independent	27 September 2011
H.E. Shaikh Salman bin Khalifa Al Khalifa	Non-Executive and independent	4 December 2018
HE Kamal bin Ahmed Mohammed <b>(Deputy Chairman)</b>	Non-Executive and independent	27 September 2011
H.E. Zayed bin Rashid Alzayani	Non-Executive and independent	12 March 2015
H.E. Shaikh Mohamed bin Isa Al Khalifa	Non-Executive and independent	1 July 2006
Mr. Khalid Alromaihi <b>(Chief Executive Officer)</b>	Executive and non-independent	1 March 2015
H.E. Khalid Humaidan	Non-Executive and independent	2 February 2016
Dr. Samer Al Jishi	Non-Executive and non-independent	1 July 2006
Mrs. Elham Hasan	Non-Executive and independent	2 February 2016



Governance / 3. Composition of the Board

1. Total remunerations paid to the directors for the (last) year 2020.

Name	Board Remuneration Amount in BD
H.E. Shaikh Mohamed bin Isa Al Khalifa	15,000
H.E. Khalid Humaidan	15,000
Dr. Samer Al Jishi	15,000
Mrs. Elham Hasan	15,000
<b>Total Board Remunerations for the (last) year 2020</b>	<b>60,000</b>

2. The proposed total remunerations paid to the directors for the year 2021, which will be presented at the annual general meeting for ratification.

Name	Board Remuneration Amount in BD
H.E. Shaikh Mohamed bin Isa Al Khalifa	15,000
H.E. Khalid Humaidan	15,000
Dr. Samer Al Jishi	15,000
Mrs. Elham Hasan	15,000
<b>Total Proposed Board Remunerations for the year 2021</b>	<b>60,000</b>

3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2021 according to the following table:

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	H.E. Shaikh Mohamed bin Isa Al Khalifa	Board of Directors	1,500	3
		Board Investment Committee	3,000	6
		Board Compensation and Governance Committee	1,000	2
2	H.E. Khalid Humaidan	Board of Directors	2,000	4
		Board Audit and Risk Committee	2,000	4
		Board Investment Committee	3,000	6
3	Dr. Samer Al Jishi	Board of Directors	2,000	4
		Board Investment Committee	3,000	6
		Board Compensation and Governance Committee	1,500	3
4	Mrs. Elham Hasan	Board of Directors	1,500	3
		Board Audit and Risk Committee	2,000	4



Governance / 3. Composition of the Board

- c. Number and dates of the Board's meetings held during the financial year 2021, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy.

Board of Directors Meeting Attendance (BOD) (2021)		
Date of Meeting	Name of Board Member	Attendance
<b>1st Meeting</b> 12/01/2021 (Virtual Meeting)	H.E. Shaikh Khalid bin Abdulla Al Khalifa	Present – by video conference
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Kamal Ahmed	
	H.E. Zayed Al Zayani	
	Mr. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
	Mrs. Elham Hasan	
<b>2nd Meeting</b> 27/05/2021 (Virtual Meeting)	H.E. Shaikh Khalid bin Abdulla Al Khalifa	Present – by video conference
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Kamal Ahmed	
	Mr. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	
	Mrs. Elham Hasan	
<b>3rd Meeting</b> 28/09/2021 (Virtual Meeting)	H.E. Shaikh Khalid bin Abdulla Al Khalifa	Present – by video conference
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Kamal Ahmed	
	Mr. Khaled Alromaihi	
	H.E. Khalid Humaidan	
	Dr. Samer Aljishi	
	Mrs. Elham Hasan	

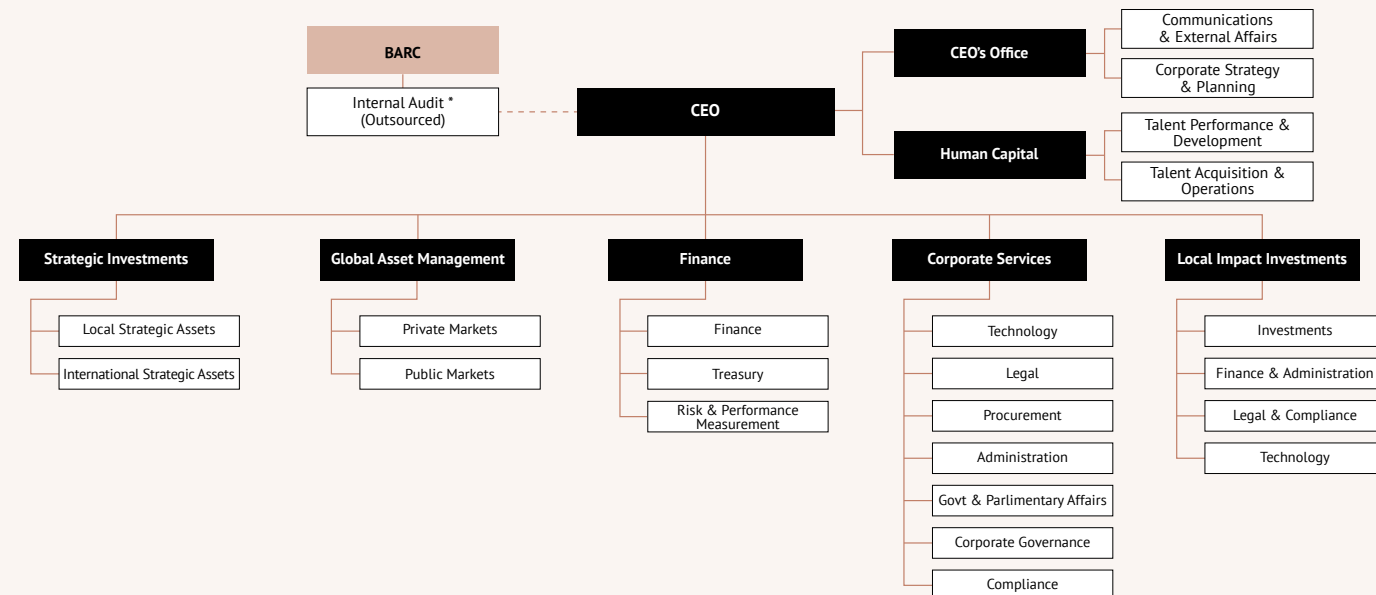
Date of Meeting	Name of Board Member	Attendance
<b>4th Meeting</b> 09/12/2021 (Virtual Meeting)	H.E. Shaikh Khalid bin Abdulla Al Khalifa	Present – by video conference
	H.E. Shaikh Salman bin Khalifa Al Khalifa	
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	H.E. Zayed Al Zayani	
	Mr. Khaled Alromaihi	
	Dr. Samer Aljishi	
	H.E. Khalid Humaidan	

- d. Description of the Board's duties and competences carried out on its behalf by the Executive Management by delegation of authority, specifying the duration and validity of the delegation.
- The Board of Directors did not delegate any of its duties or competencies to the Executive Management during FY21.
- e. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction.
- Note 30 of Mumtalakat's Consolidated Financial Statements as at December 31, 2021, outlined the full details on transactions with related parties of the Company. Copies of the Consolidated Financial Statements as of December 31, 2021, were distributed to the shareholder and MOICT.
- f. The Company's organisational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers.



Governance / 3. Composition of the Board

## Organisation Structure



Structure is as of 31st December 2021. As of to date the structure has changed.

\* Compliance will assume the responsibility for coordinating Internal Audit activities.

- g. Total remunerations paid to the key executive officers (the top five employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

Aggregate remunerations paid to the key executive management of the Company is outlined in the below table which is part of the report of the Board of Directors accompanying the Consolidated Financial Statements as of December 31, 2021. Copies of the Consolidated Financial Statements were distributed to the shareholder and MOICT.

Executive management	Total paid salaries and allowances (BD)	Total paid remuneration (Bonus) (BD)	Any other cash/ in kind remuneration for 2021 (BD)	Aggregate Amount (BD)
Top 6 remunerations for executives, including CEO and Senior Financial Officer	829,977		48,465	878,442

## 4. External Auditors:

- a. Providing shareholders with the auditor's profile and overview of its professional performance.

KPMG has had a presence in the Kingdom of Bahrain for over 50 years. From a small local accounting firm, founded in 1968 by university friends Jassim M. Fakhro and Hussain Kasim, KPMG in Bahrain has become one of the largest and most prestigious professional services

- b. Fees and charges for the audit or services provided by the external auditor during the year 2021, in addition to a description of the auditor's years of service as the Company's external auditor.

Name of the audit firm	KPMG Fakhro
Years of service as the Company's external auditor	3 Years
Name of the partner in charge of the Company's audit	Jaffar Al Qubaiti
The partner's years of service as the partner in charge of the Company's audit	3 Years
Total audit fees for the financial statements for the year 2021(BD)	36,000
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2021 (BD) if any. In the absence of such fees, this shall be expressly stated	28,700

## 5. Audit & Risk Committee:

- a. Names, competences and duties of the Audit & Risk Committee members. The Board Audit & Risk Committee ("BARC") assists the Board of Directors in independently ensuring and maintaining oversight of the Company's financial reporting system, internal control and risk management processes, audit functions and legal and regulatory requirements. Pursuant to the BARC Charter, its main responsibilities include assisting the Company's Board of Directors 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 the Company's procedures and systems including the management reporting processes; and ensuring compliance with legal and regulatory requirements and internal policies.

The members of the BARC are appointed by the Board of Directors of the Company, and at December 31, 2021, consistent with the Governance Code, BARC was comprised of three members, none of which has any other Board responsibilities that could conflict with his/her obligations as a member of BARC.



Governance / 5. Audit & Risk Committee

The members of the BARC as at December 31, 2021 were as follows:

1. Ms. Elham Hasan **(Chairwoman)**: Non-Executive and Independent;
2. H.E. Mr. Zayed Al Zayani: Non-Executive and Independent; and
3. H.E. Khalid Humaidan: Non-Executive and Independent.

- b. Number and dates of meetings held by the BARC during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person.

BARC is required by its Charter to meet at least quarterly, with one meeting coinciding with the financial reporting and audit cycle. BARC met four times during FY21, on May 23, 2021, September 23, 2021, November 8, 2021 and December 5, 2021.

The table below shows the meeting dates and attendance by the BARC members:

BARC Meeting Attendance (2021)		
Date of Meeting	Name of Board Member	Attendance
<b>1st Meeting</b> 23/05/2021 <b>(Virtual Meeting)</b>	Mrs. Elham Hasan <b>(Chairwoman)</b>	Present – by video conference
	H.E. Zayed Al Zayani	
	Mr. Khalid Humaidan	
<b>2nd Meeting</b> 23/09/2021 <b>(Virtual Meeting)</b>	Mrs. Elham Hasan <b>(Chairwoman)</b>	Present – by video conference
	H.E. Khalid Humaidan	
<b>3rd Meeting</b> 08/11/2021 <b>(Virtual Meeting)</b>	Mrs. Elham Hasan <b>(Chairwoman)</b>	Present – by video conference
	H.E. Zayed Al Zayani	
	H.E. Khalid Humaidan	
<b>4th Meeting</b> 05/12/2021 <b>(Virtual Meeting)</b>	Mrs. Elham Hasan <b>(Chairwoman)</b>	Present – by video conference
	H.E. Zayed Al Zayani	
	H.E. Khalid Humaidan	

## 6. Compensation and Governance Committee

- a. Names, competences and duties of the Compensation and Governance Committee's members.

Mumtalakat combined its compensation and governance in one committee named the Board Compensation and Governance Committee ("BCGC"). BCGC assists the Board of Directors of the Company in identifying and nominating individuals to serve as Board and committee members; recommends the remuneration and rewards policy for employees and, particularly, for the executive directors and executive management team; supports the Chairman of the Board in the performance review of the Board and its committees; and establishes the Company's corporate governance framework.

The members of the BCGC are appointed by the Board of Directors of the Company and at December 31, 2021, the BCGC was composed of three members.

The members of the BCGC as at December 31, 2021 were as follows:

1. H.E. Shaikh Salman bin Khalifa Al Khalifa **(Chairman)**: Non-Executive and Independent;
2. H.E. Shaikh Mohammed bin Essa Al Khalifa: Non-Executive and Independent; and
3. Dr. Samer Aljishi: Non-Executive and Non-Independent.

- b. Number and dates of meetings held by the BCGC during the financial year and the number of times members attended the meetings in person.

BCGC is required by its Charter to meet at least twice a year. BCGC met three times during FY21, on April 15, 2021, September 26, 2021 and on December 08, 2021.

The table below shows the meeting dates and attendance by the BCGC members:

BCGC Meeting Attendance (2021)		
Date of Meeting	Name of Board Member	Attendance
<b>1st Meeting</b> 15/04/2021 <b>(Virtual Meeting)</b>	H.E. Shaikh Salman bin Khalifa Al Khalifa <b>(Chairman)</b>	Present – by video conference
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	Dr. Samer Aljishi	
<b>2nd Meeting</b> 26/09/2021 <b>(Virtual Meeting)</b>	H.E. Shaikh Salman bin Khalifa Al Khalifa <b>(Chairman)</b>	Present – by video conference
	Dr. Samer Aljishi	
<b>3rd Meeting</b> 08/12/2021 <b>(Virtual Meeting)</b>	H.E. Shaikh Salman bin Khalifa Al Khalifa <b>(Chairman)</b>	Present – by video conference
	H.E. Shaikh Mohamed bin Isa Al Khalifa	
	Dr. Samer Aljishi	



## 7. Governance Committee:

- Names, competences and duties of the BCGC's members.  
Please refer to section 6 a. above.
- Summary of the committee performance report during the year 2021.  
In the first half of 2022, the BCGC led an evaluation of the performance of the Board as a whole, each individual Director and each of the Board Committees for an evaluation period that commenced on January 1, 2021 and ended on December 31, 2021 (the "Evaluation Period"). At the conclusion of the evaluation process, the BCGC reported the below summary to the Board of Directors at the meeting held at the beginning of June 2022 and to the shareholder at the Annual General Meeting to be held in mid-June 2022:
  - The Board of Directors is fully engaged in the oversight of the management of the Company, and it is fully discharging its responsibilities as set forth in the Charter of the Board of Directors.
  - The Chairman is discharging his duties and responsibilities as Chairman of the Company.
  - The Directors individually are discharging their duties and responsibilities as Directors of the Company.
  - Each Board Committee is acting in accordance with and discharging its duties and responsibilities pursuant to its Charter.

## 8. Corporate governance officer's name, qualifications, date of appointment, and contact details.

Mrs. Rasha Sabkar  
Managing Director - Corporate Services  
Lawyer registered with the Ministry of Justice and Islamic Affairs

Contact Details:  
E-mail: rsabkar@mumtalakat.bh  
Direct: +973 1756 1130

## 9. Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

BCGC and the Board of Directors of the Company have adopted a corporate governance framework in accordance with the Governance Code. Copies of the corporate governance documents which have been adopted by the Company are available on Mumtalakat's website [www.mumtalakat.bh](http://www.mumtalakat.bh).

During FY21, the Company was in compliance with all material provisions of the Governance Code and its corporate governance framework, and no issues were considered outside of the ordinary course of business of the Company.

## 10. Description of the cash and in-kind contributions made by the Company during the year 2021 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

The Corporate Governance Code requires that companies formulate a social responsibility policy and that a company's management team develop an annual strategy or plan to implement the corporate social responsibility philosophy. Mumtalakat, being a company owned by the Government, and entrusted with the management of public funds, is restricted from donating or contributing such funds to charitable or social organisations, unless it receives a return from doing so. Due to this restriction, the Company did not make any contributions.

However, the Company has developed a Corporate Responsibility Statement (rather than a policy and an annual plan) which states that the Company encourages good corporate conduct and community participation, and that it will encourage its employees to act as good corporate citizens. The document specifically allows for sponsorships, because of the benefit to the Mumtalakat brand from having its logo displayed during public events and conferences.

- Statement of shareholders' equity as of 31/12/2021 (individuals, corporate, government or organisations) to be classified as follows: Local, Gulf, Arab, and foreign.

#	Shareholder classification	Shareholding %			
		Individuals	Corporate	Government or Organisations	Total
1	Local	-	-	100%	100%
2	Arab	-	-	-	-
3	Foreign	-	-	-	-
	<b>Total</b>	-	-	<b>100%</b>	<b>100%</b>

- Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2021 as follows:

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final beneficiary
1	Government of Bahrain	2,000,000,000	100%	Wholly owned by the Government of Bahrain

- Description of how shareholders are distributed according to their respective shareholding as at 31/12/2021 as follows:

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	-	-	-
2	50,000 to 500,000	-	-	-
3	500,000 to 5,000,000	-	-	-
4	>5,000,000	1	2,000,000,000	<b>100%</b>

- Description of the significant events that occurred during the year 2021.  
Neither the Board of Directors, nor any of its committees considered any issues that were outside of the ordinary course of business during FY21.



**11. Compliance with the provisions of the Corporate Governance Code, as follows:**

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			✓	Wholly owned by the Government of Bahrain
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			✓	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			✓	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.			✓	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

**12. Any disclosures required by the regulatory authorities.**

The Company is not subject to any additional disclosures mandated by the regulatory authorities.



**Khalid bin Abdulla Al Khalifa**  
Chairman



**Official Seal of the Company**





# Board of Directors

Comprising public and private sector representatives, our Board provides invaluable guidance and support to our Senior Management team to ensure we are delivering our strategic mandate.



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



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



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



**HE Kamal bin Ahmed Mohammed**  
Minister of Transportation & Telecommunications



**HE Zayed R. Alzayani**  
Minister of Industry, Commerce and Tourism



**HE Khalid Al Rumaihi**  
Chief Executive Officer, Mumtalakat



**Khalid Humaidan**  
Chief Executive, Bahrain Economic Development Board (EDB)



**Elham Hasan**  
Business Strategy Advisor



**Dr. Samer Aljishi**  
President of BFG International

# Senior Management



**Khalid Al Rumaihi**  
Chief Executive officer



**Omar Syed**  
Chief Investment officer – Strategic Investments



**Rania Yousef Al Shirawi**  
Managing Director – CEO's office



**Suha Karzoon**  
Managing Director – Finance



**Rasha Sabkar**  
Managing Director – Corporate Services



**Marwa Al Saad**  
Executive Director – Human Capital



**Raed Fakhri**  
Managing Director - Local Impact Investments



**Aziz Ravat**  
Chief Investment Officer – Local Impact Investments



# Independent Auditor’s Report



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Audit  
12<sup>th</sup> Floor, Fakhro Tower  
P O Box 710, Manama  
Kingdom of Bahrain

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Fax +973 17 227443  
Website: home.kpmg/bh  
CR No. 6220

**INDEPENDENT AUDITORS’ REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS**

**Bahrain Mumtalakat Holding Company B.S.C (c)**  
Kingdom of Bahrain

**Opinion**  
The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2021, the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related note, are derived from the audited consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C (c) (“the Company”) and its subsidiaries (together “the Group”) for the year ended 31 December 2021.

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.

**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 our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our report thereon. 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.

**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 2 June 2022.

**Responsibility of the Board of Directors for the Summary Consolidated Financial Statements**  
Board of Directors is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1.

**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.”

**KPMG**

KPMG Fakhro  
Partner registration number 83  
13 June 2022



# Financial Statements







## Consolidated Statement of Financial Position

31 December 2021

	2021 BD '000	2020 BD '000
<b>ASSETS</b>		
Cash and bank balances	243,467	198,078
Derivative financial instruments	8,843	8,598
Trade receivable, prepayments and other receivables	452,334	303,029
Inventories	427,564	322,770
Investments carried at fair value through statement of income	521,058	497,526
Investment in associates and joint ventures	949,231	950,814
Investment properties	394,156	399,112
Property, plant and equipment	2,825,312	2,846,888
Other assets	169,788	175,501
Intangible assets	716,138	716,545
Goodwill	220,866	222,529
<b>TOTAL ASSETS</b>	<b>6,928,757</b>	<b>6,641,390</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Borrowings	2,309,544	2,393,650
Derivative financial instruments	16,565	12,079
Lease liabilities	584,111	517,014
Trade payable, accruals and other liabilities	665,446	815,006
Employees' end of service benefits	13,724	11,803
<b>Total liabilities</b>	<b>3,589,390</b>	<b>3,749,552</b>
<b>Equity</b>		
Share capital	2,000,000	2,000,000
Capital contribution	448,531	341,389
Statutory reserve	81,225	62,609
Other reserves	(387)	48
Retained earnings	183,862	34,792
<b>Total equity attributable to shareholder of the parent</b>	<b>2,713,231</b>	<b>2,438,838</b>
<b>Non-controlling interests</b>	<b>626,136</b>	<b>453,000</b>
<b>Total equity</b>	<b>3,339,367</b>	<b>2,891,838</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,928,757</b>	<b>6,641,390</b>

  
Khalid bin Abdullah Al Khalifa  
Chairman


  
Khaled Alrumaihi  
Director and Chief Executive Officer


  
Suha S. Karzoon  
Managing Director - Finance

## Consolidated Statement of Income

Year ended 31 December 2021

	2021 BD '000	2020 BD '000
Revenue	2,170,068	1,615,513
Direct costs	(1,585,940)	(1,584,678)
<b>Gross profit</b>	<b>584,128</b>	<b>30,835</b>
Dividend income	1,723	8,609
Fair value gain on investments carried at fair value through statement of income	50,241	54,267
Other operating income	37,491	106,108
Government assistance	16,877	59,452
Selling and distribution expenses	(99,098)	(68,612)
Administrative expenses	(220,065)	(233,200)
Other operating expenses	(26,147)	(5,890)
<b>Operating profit / (loss)</b>	<b>345,150</b>	<b>(48,431)</b>
Share of profit of associates and joint ventures	27,055	42,808
Interest income	3,169	6,749
Interest expense	(131,658)	(116,455)
Fair value gain / (loss) on other financial instruments (net)	67,839	(57,730)
Impairment losses	(19,454)	(376,603)
<b>NET PROFIT / (LOSS) BEFORE TAX FOR THE YEAR</b>	<b>292,101</b>	<b>(549,662)</b>
<b>Income tax credit for the year</b>	<b>37,050</b>	<b>22,114</b>
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>329,151</b>	<b>(527,548)</b>
<b>Attributable to:</b>		
Shareholder of the parent	186,162	(417,879)
Non-controlling interests	142,989	(109,669)
	<b>329,151</b>	<b>(527,548)</b>

  
Khalid bin Abdullah Al Khalifa  
Chairman

  
Khaled Alrumaihi  
Director and Chief Executive Officer

  
Suha S. Karzoon  
Managing Director - Finance



## Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	2021 BD '000	2020 BD '000
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	<b>329,151</b>	<b>(527,548)</b>
<b>Other comprehensive income</b>		
Items that are or may be reclassified to consolidated statement of income in subsequent periods		
Movement in cumulative changes in fair values	14,196	(9,848)
Share of changes in equity of associates	(3,603)	1,477
Foreign currency translation	(12,911)	17,085
Items that will not be reclassified to consolidated statement of income in subsequent periods		
Remeasurement (loss) / gain on defined benefit plan	(1,750)	1,810
<b>Total other comprehensive income for the year</b>	<b>(4,068)</b>	<b>10,524</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>325,083</b>	<b>(517,024)</b>
<b>Attributable to:</b>		
Shareholder of the parent	183,833	(405,773)
Non-controlling interests	141,250	(111,251)
	<b>325,083</b>	<b>(517,024)</b>

## Consolidated Statement of Cash Flows

Year ended 31 December 2021

	2021 BD '000	2020 BD '000
<b>OPERATING ACTIVITIES</b>		
Net profit / (loss) before tax for the year	292,101	(549,662)
Adjustments for:		
Depreciation	197,520	207,421
Amortisation	78,225	108,298
Fair value (gain) / loss on other financial instruments	(67,839)	57,730
Fair value gain on investments carried at fair value through statement of income	(50,241)	(54,267)
Gain on derecognition on loss of control of a subsidiary	-	(50,608)
Gain on disposal / transfer of investment properties	(1,047)	(17,762)
Share of profits of associates and joint venture	(27,055)	(42,808)
Impairment losses	19,454	376,603
Provision for impairment on trade receivables and other receivables	8,806	6,474
Provision for impairment of inventories	1,102	3,698
Gain on property, plant and equipment	(686)	(6,684)
Interest income	(3,169)	(6,749)
Interest expense	131,658	116,455
Employees' end of service benefits	3,028	3,343
<b>Operating profit before changes in operating assets and liabilities</b>	<b>581,857</b>	<b>151,482</b>
Changes in operating assets and liabilities:		
Inventories	(98,108)	(20,431)
Trade receivable, prepayments and other receivables	(146,022)	146,282
Trade payable, accruals and other liabilities	(38,194)	(208,685)
Cash from operating activities	299,533	68,648
Income tax paid	(4,534)	(345)
Derivative financial instruments	(1,403)	(13,882)
Employees' end of service benefits paid	(2,857)	(5,026)
<b>Net cash from operating activities</b>	<b>290,739</b>	<b>49,395</b>
<b>INVESTING ACTIVITIES</b>		
Investment in associates and joint venture	(16,664)	(24,289)
Purchase of investments carried at fair value through statement of income	(13,522)	(5,371)
Proceeds from sale of investments carried at fair value through statement of income and other investments	43,533	11,407
Purchase of property, plant and equipment	(44,187)	(189,019)
Proceeds from disposal of property, plant and equipment	4,906	7,268
Investment in properties	(1,733)	(4,821)
Proceeds from sale of investment properties	3,125	-
Intangible assets	(100,995)	(126,359)
Other assets	61,632	(5,420)
Short term deposits	162	40,948
Interest received	2,590	6,468
Dividends from associates and joint ventures	34,997	42,635
<b>Net cash used in investing activities</b>	<b>(26,156)</b>	<b>(246,553)</b>



## Consolidated Statement of Cash Flows continued

Year ended 31 December 2021

	2021 BD '000	2020 BD '000
<b>FINANCING ACTIVITIES</b>		
Capital contribution	37,600	-
Proceeds from borrowings	1,493,475	1,326,996
Repayment of borrowings	(1,528,834)	(980,774)
Interest paid	(112,489)	(105,820)
Lease Liabilities payments	(79,357)	(58,943)
Dividend paid to shareholder of the parent	(20,000)	(30,000)
Dividend paid to non-controlling interests	(11,759)	(623)
Movement in non-controlling interests (net)	(33)	940
<b>Net cash (used in) / from financing activities</b>	<b>(221,397)</b>	<b>151,776</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>43,186</b>	<b>(45,382)</b>
Exchange (gain) / loss on cash and cash equivalent	(370)	21,577
Cash and cash equivalents at beginning of the year	170,383	194,188
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>213,199</b>	<b>170,383</b>

## Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Attributable to shareholder of the parent						Non-controlling interests	Total equity
	Share capital BD '000	Capital contribution BD '000	Statutory reserve BD '000	Other reserves BD '000	Retained earnings BD '000	Total BD '000	BD '000	BD '000
Balance at 31 December 2019	2,000,000	466,111	62,609	(12,058)	215,675	2,732,337	563,612	3,295,949
Net loss for the year	-	-	-	-	(417,879)	(417,879)	(109,669)	(527,548)
Other comprehensive income	-	-	-	12,106	-	12,106	(1,582)	10,524
Total comprehensive income	-	-	-	12,106	(417,879)	(405,773)	(111,251)	(517,024)
Contribution by the shareholder	-	146,330	-	-	-	146,330	-	146,330
Dividend paid to shareholder of the parent	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(623)	(623)
Share of change in other movement in equity of associate	-	-	-	-	(3,734)	(3,734)	-	(3,734)
Accumulated losses offset against capital contribution	-	(271,052)	-	-	271,052	-	-	-
Other movement in non-controlling interests	-	-	-	-	(322)	(322)	1,262	940
Balance at 31 December 2020	2,000,000	341,389	62,609	48	34,792	2,438,838	453,000	2,891,838
Net income for the year	-	-	-	-	186,162	186,162	142,989	329,151
Other comprehensive income	-	-	-	(3,076)	747	(2,329)	(1,739)	(4,068)
Total comprehensive income	-	-	-	(3,076)	186,909	183,833	141,250	325,083
Contribution by the shareholder	-	107,142	-	-	-	107,142	-	107,142
Shares issued to non-controlling interests of a subsidiary	-	-	-	-	-	-	55,762	55,762
Dividend paid to shareholder of the parent	-	-	-	-	(20,000)	(20,000)	-	(20,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(11,759)	(11,759)
Fair value gain/loss on preference shares and warrants	-	-	-	2,641	-	2,641	(11,307)	(8,666)
Transfer to statutory reserve	-	-	18,616	-	(18,616)	-	-	-
Other movement in non-controlling interests	-	-	-	-	777	777	(810)	(33)
<b>Balance at 31 December 2021</b>	<b>2,000,000</b>	<b>448,531</b>	<b>81,225</b>	<b>(387)</b>	<b>183,862</b>	<b>2,713,231</b>	<b>626,136</b>	<b>3,339,367</b>

### NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Basis of Preparation

The Board of Directors of Bahrain Mumtalakat Holding Company B.S.C (c) ("the Company") is responsible for the preparation of the summary consolidated financial statements. The summary consolidated financial statements were extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2021. Those audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Therefore, the summary consolidated financial statements have also been recognised and measured in accordance with IFRS. The audited consolidated financial statements are available with the management of the Company.





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