

Aluminium Bahrain B.S.C.
REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2012.

Principal Activity

Aluminium Bahrain B.S.C. (“the Company”) was incorporated as a Bahrain Joint Stock Company (closed) in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) Number 999. The Company converted to a Bahrain Public Joint Stock Company effective 23 November 2010 and its shares were listed on two exchanges: Ordinary Shares on the Bahrain Bourse and Global Depositary Receipts (GDRs) on the London Stock Exchange.

Registered Office and Branches

The official business address of the Company is located at Building 150, Road 94, Block 951, Askar, Kingdom of Bahrain. The Company also has branch offices in Zurich, Switzerland and Hong Kong.

Share Capital Structure

Shareholders	2012 (%)	2011 (%)
Bahrain Mumtalakat Holding Company B.S.C. (c)	69.38	69.38
SABIC Industrial Investments Company	20.62	20.62
Others – Public	10.00	10.00
	100.00	100.00

Corporate Secretary

Ms. Afshan Akhtar, the General Counsel and Corporate Secretary was appointed on 1 August 2011.

Chief Officers

At the Board Meeting held on 19 September 2012, the Board decided to appoint Mr. Tim Murray, the Chief Finance and Supply Officer, as the new Chief Executive Officer of the Company effective 1 October 2012, replacing Mr. Laurent Schmitt who has left the Company.

At the Human Resources Committee meeting held on 21 October 2012, Mr. Ali Al Baqali was appointed as the Acting Chief Finance and Supply Officer, replacing Mr. Tim Murray. Mr. Basem Al Sharqi was appointed as the Chief Support Functions Officer effective 1 June 2012.

The title of Mr. Isa Al Ansari from Chief Operating Officer was changed to Chief Operations Officer with effect from 1 June 2012.

There are no changes in the title of Mr. Jean Baptiste Lucas as the Chief Marketing Officer.

Results and Retained Earnings

The Company made a profit of BD96.545 Million for the year 2012 as compared to a profit of BD 211.903 in year 2011.

The movements in retained earnings of the Company were:

	BD'000	BD '000
Balance as at 31 December 2011		544,064
Profit for the year 2012	96,545	
Interim dividend paid for 2012	(19,776)	
Final dividend proposed for 2012	(19,773)	
Excess of Final Dividend for 2012 reversed	14	
Loss on resale of treasury shares	(391)	
Transfer to statutory reserve		
Balance as at 31 December 2012		600,683

Appropriations

- (1) On 8 March 2012, the Company's shareholders approved the Board of Directors' recommendation to pay a final dividend for 2011 of BD 0.040 per share (excluding treasury shares) totalling BD 56,509 thousand relating to 2011 from which BD 56,495 thousand was paid.
- (2) (a) On 29 July 2012, the Board of Directors recommended an interim dividend of BD 0.014 per share (excluding treasury shares) totalling BD 19,776 thousand) which was subsequently paid.
- (b) On 13 February 2013, the Board of Directors recommended a final dividend of BD 0.014 per share (excluding treasury shares) totalling BD 19,773 thousand.

Both of the above noted appropriations per item (2) are subject to the approval of the shareholders of the Company at the Annual General Meeting to be held on 13 March 2013.

Directors of the Company

The following Directors served during the year ended 31 December 2012 up to the date of this report:

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

Mr. Mahmood H. Al Kooheji, Chairman
Mr. Fawzi Ahmed Kanoo, Director
Sheikh Mohamed Bin Khalifa al Khalifa, Director
Mr. Yousif A. Taqi, Director
Mr. Osama M. Al Arrayedh, Director
Mr. David E. Meen, Director

Sabic Industrial Investments Company

Mr. Mutlaq H. Al Morished

Mr. Homood A. Al Tuwaijri resigned in June 2012 and was replaced by Dr. Talaat Dafer Al Qahtani.

Elected Director

Mr. Abdulaziz S. Al Humaid

Directors' Remuneration

Directors' remuneration charged during the year ended 31 December 2012 was BD190,000 (2011: BD200,000).

Auditors

Ernst & Young have expressed their willingness to continue in office and a resolution proposing their appointment as auditors of the Company for the year ending 31 December 2013 will be submitted to the Annual General Meeting of Shareholders.

By order of the Board,



Mahmood H. Al Kooheji
Chairman
13 February 2013