



Bahrain Aluminium Extrusion Company B.S.C. (closed)
BOARD OF DIRECTORS REPORT
As at 31 December 2015

**Submitted to the Ordinary General Assembly at its meeting
Held on Monday, 28 March 2016 @ 10am
In the Name of Allah**

Distinguished Ladies & Gentlemen

On behalf of my colleagues in the Board of Directors, it is my pleasure to welcome you in the beginning of this ordinary meeting of the General assembly, thanking you all for your desire to participate in this event, and present to you the annual report on the company's performance and on the audited financial statement, for the company's financial year ended on Dec 31st 2015.

Let me briefly outline the challenges that your company has faced in the last two years.

In 2014, we had the issue of the Saudi cause way, where we experienced unusual delays in the transportation of goods to Saudi, which is our main market. Added to it we witnessed the trend of the market shifting to low thickness profiles, and slowdown in the construction sector.

In 2015, we witnessed significant oil price drop, which reduced governmental spending, which impacted our markets adversely. The negative impact of the oil price drop may be felt more quickly in Bahrain, than the rest of the GCC markets. Globally the slowdown in the Chinese economy is yet another factor which impacts our markets, adversely. The Volatility of the LME & the significant drop in the premiums are additional factors adding to the adverse impacts.

Political disturbances in our neighboring countries, restricts our available markets, as these countries could otherwise be potential markets. Due to the excess capacity in the profile market, compared to the declining, demand on account of the oil price impact, we foresee a price crash & a price war amongst the GCC extruders which will impact the operational profitability of all extruders in the region.

Your company has made great efforts, formulated strategic plans to overcome the challenges ahead and have incorporated them in the business plans.

Commissioning a Vertical powder coating plant, modifying one of the existing four presses for producing a wider range of profiles, including retrofitting a press to extrude thinner profiles and developing new products and markets. Other enhancement projects include replacing die oven, air water cooling quench system, the replacing one of powder coating booths, refurbishing crane system and installing a new gas pressure reduction station. The Company may also reactivate the existing remelt facility once the cost benefit ratio tilts in its favour on the basis of aluminum premium levels.



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شركة البحرين لسحب الألمنيوم ش.م.ب.م.
ص. ب. : ١٠٥٣ ، مملكة البحرين
تليفون : ١٧ ٧٣٠٠٧٣ (+٩٧٣) ، فاكس : ١٧ ٧٣٦٩٢٤ (+٩٧٣)
س. ت. : ٥٢٢٦
صفحة الانترنت: www.balexco.com.bh





The Board of Directors has always closely supported the executive management in guiding & advising them, on the formulation of Strategic business objectives, in the background of the prevailing market realities.

We are aware that there are quite a few challenges ahead, but the company will work hard to overcome them and a strong marketing plan is in place to increase the order intake, for future years thereby enhancing capacity utilization, with the objective of generating substantial year on year growth in profits.

The Board in full coordination with Chief Executive Officer will work to find internally and externally for recruitment of succession personnel for the Company, specially up to the management team, beside strengthening the sales and marketing resources as well as quality processing.

I am glad to advise that your sister Company Technal Middle East is developing quite well and contributing positively in the Balexco operation and financial resources.

Despite the challenges that the company has faced, I am happy to report that the company has achieved a 6% growth in the net profit of the company against comparable figures of the previous years.

In the light of achieved results, during the year 2015, the Board of Directors proposes to the shareholders, the approval of the recommendation to distribute the net distributable profit achieved in the year 2015 amounting to BD 1,703,000 in addition to the retained profits from the previous years, amounting to BD 5,149,000 that is in total an amount of BD 6,852,000, in accordance to the following;

- Transfer an amount of BD 170,000, to the legal reserve account (equals to 10% of the net profits achieved in the year 2015, minus the Board of Directors bonus)
- Retained earnings of BD 5,432,000
- Approval on the payment of an amount of BD 70,000 for the members of Board of Directors
- Distribution of cash dividend to the shareholders of 5% of the paid up Capital (equals to BD 612,000) and bonus shares of 5% of the paid up capital (i.e. one share for every 20 shares)

Finally it is my pleasure , on behalf of all , and on behalf of my fellow members of the Board and the executive management , and all the company employees , to extend my sincere thanks & appreciation , to His Majesty King Hamad Bin Isa Al Khalifa, King of Bahrain, and to his Royal Highness , Prince Khalifa Bin Salman, the distinguished Prime Minister , and the crown Prince, the Deputy Supreme Commander , the First Deputy Prime Minister ,as well as to all of the Company Share Holders, customers and suppliers, for their support to the company's business activities and for their valuable confidence in the Company.

Assalam Alikum Warahmtullah Wabarakatuh

Hisham Al Rayes
Chairman



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