

Aluminium Bahrain B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 MARCH 2023 (REVIEWED)

REPORT ON THE REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ALUMINIUM BAHRAIN B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Aluminium Bahrain B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 31 March 2023, comprising of the interim consolidated statement of financial position as at 31 March 2023 and the related interim consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. The Group's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

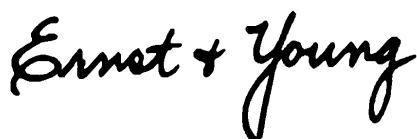
We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the three-month period ended 31 March 2022 ("Consolidated Financial Statements") were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion and review conclusion dated 2 February 2023 and 12 May 2022 respectively on those Consolidated Financial Statements.



Partner's Registration No. 115
4 May 2023
Manama, Kingdom of Bahrain

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	31 March 2023 (Reviewed) BD '000	31 December 2022 (Audited) BD '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,864,253	1,880,527
Trade and other receivables		2,491	3,013
Derivative financial instruments	4	10,210	18,095
Deferred tax assets		81	81
		<u>1,877,035</u>	<u>1,901,716</u>
Current assets			
Inventories		434,455	371,542
Trade and other receivables		235,045	243,189
Derivative financial instruments	4	4,823	7,120
Bank balances and cash		129,549	93,617
		<u>803,872</u>	<u>715,468</u>
TOTAL ASSETS		<u>2,680,907</u>	<u>2,617,184</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		142,000	142,000
Treasury shares		(4,824)	(4,831)
Statutory reserve		71,000	71,000
Capital reserve		249	249
Cash flow hedge reserve	4	14,863	25,209
Retained earnings		1,515,007	1,588,831
TOTAL EQUITY		<u>1,738,295</u>	<u>1,822,458</u>
Non-current liabilities			
Loans and borrowings		536,774	505,098
Lease liabilities		4,761	4,752
Employees' end of service benefits		1,615	1,401
		<u>543,150</u>	<u>511,251</u>
Current liabilities			
Loans and borrowings		222,660	124,115
Lease liabilities		518	615
Trade and other payables		176,284	158,745
		<u>399,462</u>	<u>283,475</u>
TOTAL LIABILITIES		<u>942,612</u>	<u>794,726</u>
TOTAL EQUITY AND LIABILITIES		<u>2,680,907</u>	<u>2,617,184</u>

Daj Bin Salman Bin Daj Al Khalifa
Chairman

Isa Bin Khalid Bin Abdulla Al Khalifa
Director

Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2023 (Reviewed)

	Note	Three-month period ended	
		31 March 2023 BD '000	31 March 2022 BD '000
Revenue from contracts with customers	6	369,920	454,949
Cost of revenue		(290,068)	(276,940)
GROSS PROFIT		79,852	178,009
Other income		1,811	702
Foreign exchange gain - net		645	4,605
General and administrative expenses		(11,412)	(9,626)
Selling and distribution expenses		(16,580)	(20,496)
Finance costs		(14,793)	(6,889)
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	4	8,272	-
Changes in fair value of derivatives financial instruments	4	164	1,108
PROFIT FOR THE PERIOD BEFORE TAX		47,959	147,413
Income tax expense		(512)	(610)
PROFIT FOR THE PERIOD		47,447	146,803
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	34	104



Dajj Bin Salman Bin Dajj Al Khalifa
Chairman



Isa Bin Khalid Bin Abdulla Al Khalifa
Director



Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2023 (Reviewed)

	Note	Three-month period ended	
		31 March 2023 BD '000	31 March 2022 BD '000
PROFIT FOR THE PERIOD		47,447	146,803
OTHER COMPREHENSIVE (LOSS) INCOME			
<i>Other comprehensive (loss) / income that may be reclassified to profit or loss in subsequent periods:</i>			
Effective portion of changes in fair values of cash flow hedge	4	(2,074)	9,222
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		45,373	156,025



Daij Bin Salman Bin Daij Al Khalifa
Chairman



Isa Bin Khalid Bin Abdulla Al Khalifa
Director



Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023 (Reviewed)

	Share capital BD '000	Treasury Shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Cash flow hedge reserve BD '000	Retained earnings BD '000	Total equity BD '000
Balance at 1 January 2023	142,000	(4,831)	71,000	249	25,209	1,588,831	1,822,458
Profit for the period	-	-	-	-	-	47,447	47,447
Other comprehensive loss for the period	-	-	-	-	(2,074)	-	(2,074)
Total comprehensive (loss) / income for the period	-	-	-	-	(2,074)	47,447	45,373
Net movement in treasury shares	-	7	-	-	-	74	81
Final dividend for 2022 approved and paid	-	-	-	-	-	(121,345)	(121,345)
Reclassification adjustment of realised gain on settlement of cash flow hedge to profit or loss for interest rate swap (IRS)	-	-	-	-	(8,272)	-	(8,272)
Balance at 31 March 2023	142,000	(4,824)	71,000	249	14,863	1,515,007	1,738,295
	Share capital BD '000	Treasury Shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Cash flow hedge reserve BD '000	Retained earnings BD '000	Total equity BD '000
Balance at 1 January 2022	142,000	(3,742)	71,000	249	944	1,292,569	1,503,020
Profit for the period	-	-	-	-	-	146,803	146,803
Other comprehensive income for the period	-	-	-	-	9,222	-	9,222
Total comprehensive income for the period	-	-	-	-	9,222	146,803	156,025
Net movement in treasury shares	-	112	-	-	-	1,450	1,562
Final dividend for 2021 approved and paid	-	-	-	-	-	(75,316)	(75,316)
Balance at 31 March 2022	142,000	(3,630)	71,000	249	10,166	1,365,506	1,585,291

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	31 March 2023 BD '000	31 March 2022 BD '000
OPERATING ACTIVITIES		
Profit for the period before tax	47,959	147,413
<i>Adjustments for:</i>		
Depreciation and amortisation	31,989	31,770
Provision for employees' end of service benefits	411	435
Provision for slow moving inventories	330	-
Allowance for expected credit losses	157	153
Loss / (gain) on disposal of property, plant and equipment	102	(80)
Changes in fair value of derivative financial instruments	(164)	(1,108)
Interest income	(807)	(49)
Forex loss / (gain) on revaluation of loans and borrowings and bank balances - net	1,835	(5,665)
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	(8,272)	-
Finance costs	14,793	6,889
Operating profit before changes in working capital	88,333	179,758
Working capital changes:		
Inventories	(63,243)	(55,468)
Trade and other receivables	8,953	17,599
Trade and other payables	8,770	(12,046)
Net cash generated from operations	42,813	129,843
Employees' end of service benefits paid	(197)	(447)
Income tax paid	(512)	(610)
Net cash flows from operating activities	42,104	128,786
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,820)	(14,108)
Proceeds from disposal of property, plant and equipment	3	729
Interest received	807	49
Net cash flows used in investing activities	(15,010)	(13,330)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	125,714	117,419
Repayment of loans and borrowings	(2,716)	(122,237)
Interest on loans and borrowings paid	(1,609)	(1,059)
Payment of lease liabilities	(88)	(243)
Dividends paid (note 5)	(121,345)	(75,316)
Settlement of derivatives	8,272	-
Purchase of treasury shares	(3,284)	(3,100)
Proceeds from resale of treasury shares	3,365	4,653
Net cash flows generated from (used in) financing activities	8,309	(79,883)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,403	35,573
Cash and cash equivalents at 1 January	93,617	93,311
Effect of movement in exchange rates on bank balances and cash	529	1,187
Restricted cash (Deposit pledged against short term borrowings)	(24,590)	(33,578)
CASH AND CASH EQUIVALENTS AT 31 MARCH	104,959	96,493

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three months ended 31 March 2023 (Reviewed)

	<i>Three-month period ended</i>	
	31 March	31 March
	2023	2022
	BD '000	BD '000
Cash and cash equivalents comprise:		
Bank balances	76,484	71,239
Short term deposits with maturities of three months or less	53,009	58,762
Cash in hand	56	70
Bank balances and cash in interim consolidated statement of financial position	129,549	130,071
Restricted cash (Deposit pledged against short term borrowings)	(24,590)	(33,578)
	104,959	96,493

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements.

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Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

1 CORPORATE INFORMATION

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 (MOIC) under commercial registration (CR) number 999.

Subsequent to the Initial Public Offering ("IPO") on 23 November 2010, the Company became a Bahrain Public Joint Stock Company with a dual listing on the Bahrain Bourse (primary listing) as well as the Global Depository Receipts on the London Stock Exchange - Alternative Investment Market ("AIM"). The Company has its registered office at 150 Askar Road, Askar 951, Kingdom of Bahrain.

The Company's majority shareholder is Bahrain Mumtalakat Holding Company B.S.C. (c) ("Mumtalakat"), a company wholly owned by the Government of the Kingdom of Bahrain through the Ministry of Finance and National Economy, which holds 69.38% of the Company's share capital.

The Company is engaged in manufacturing and sale of aluminium and aluminium related products. The Company owns and operates a primary aluminium smelter and the related infrastructure in the Kingdom of Bahrain.

The Group comprises the Company and the following subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership interest</i>		<i>Principal activities</i>
		<i>31 March 2023</i>	<i>31 December 2022</i>	
Aluminium Bahrain US, Inc.	United States of America (USA)	100%	100%	Selling and distribution of aluminium throughout the South and North America
AlbaCap Insurance Limited	Guernsey	100%	100%	Captive insurance entity to insure risks of the Group

The shareholder's of the Company, based on a Extraordinary General meeting held on 26 February 2023, have approved the Management's recommendation to transfer the registration of Alba Club W.L.L., currently registered under Commercial Registration No. 99789-1, as a branch of Aluminium Bahrain B.S.C. (Alba) under Commercial Registration No. 999-1. The Company has filed the necessary documentation with MOIC in order to convert it into a branch of Aluminium Bahrain B.S.C..

The Group also has representative sales branch offices in Zurich (Switzerland), Hong Kong and Singapore.

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 04 May 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the three months ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standard and amendments as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following new standard and amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- *IFRS 17 Insurance Contracts: In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers;*
- *Definition of Accounting Estimates - Amendments to IAS 8: The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates;*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2: The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures; and*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12: The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.*

Provisional pricing adjustments

Adjustments to sale price occur based on the movements in market prices from the date of sale to the end of the period agreed with the customer. The period can range between 1-2 months. Estimates are made on likely price adjustments using available market rates of underlying commodity price benchmarks. Actual results are determined on the date of price confirmation with the customers.

Seasonality of operations

The Group does not have significant income of seasonal nature.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Contingencies**

The Group discloses its contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Group and the likely outcome of these litigations and claims as at 31 March 2023, there is no need to recognise any liability at the balance sheet date.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant accounting judgements and estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

4 DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2023 (Reviewed) BD '000	31 December 2022 (Audited) BD '000
<i>Classified in the interim consolidated statement of financial position:</i>		
- Positive fair values - assets non-current portion arising from IRS	(10,210)	(18,095)
- Positive fair values - assets current portion arising from IRS	(4,653)	(7,114)
- Positive fair values - assets current portion arising from commodity futures	(170)	(6)
	(4,823)	(7,120)
Net fair value of derivative financial instruments	(15,033)	(25,215)
<i>Three-month period ended</i>		
	31 March 2023 (Reviewed) BD '000	31 March 2022 (Audited) BD '000
<i>Recognised in interim consolidated statements of profit or loss and other comprehensive income:</i>		
<i>Changes in fair value of derivative financial instruments related to:</i>		
- Commodity futures (FVTPL) recognised in statement of profit or loss (iii)	164	1,108
- Realised gain on settlement of IRS (note ii)	8,272	-
- Interest rate swap cash flow hedge (note i)	(2,074)	9,222

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) This represent the difference between the Mark-to-Market (MTM) value of IRS as at 31 March 2023 and 31 December 2022 as confirmed by the respective counter party in IRS transaction as disclosed below.

The Group does not engage in proprietary trading activities in derivatives. However, the Group enters into derivative transactions under its risk management guidelines and holds derivative financial instruments, such as interest rate swaps to hedge its interest rate risks and commodity futures to meet customer pricing requirement.

(ii) Interest rate swaps

On 22 February 2023, the Group entered into new amortised interest rate swap contract with National Bank of Bahrain B.S.C., to hedge USD floating interest rate (SOFR) cash flows attributable to term loan, for the notional amount of BD 175,780 thousand out of total refinancing amount of BD 351,560 thousand as at 31 March 2023. Derivative contract expires on 29 April 2030.

The Group has designated this derivative as cash flow hedging instrument and it qualifies for hedge accounting under IFRS 9 and consequently effective portion of the gains or losses resulting from the re-measurement of fair value of derivative are recognised in the interim consolidated statement of comprehensive income as other comprehensive income/ (loss).

Existing derivative contracts expire on 29 April 2030. The notional amount outstanding as at 31 March 2023 was BD 175,780 thousand with fixed rate of 1.4830% (31 December 2022: BD 232,180 thousand with fixed rate of 1.4830%) over the term of the contract.

On 22 February 2023, the interest rate swap contract designated as cash flow hedging instrument related to term loan facility has been partially settled and related cumulative fair value gain of BD 8,272 thousand, was reclassified to interim consolidated statement of profit or loss, from cash flow hedge reserve.

In the periods during which interest expense relating to hedge borrowings is recognised or paid, the realised gain or loss is reclassified from cash flow hedge reserve to interim consolidated statement of profit or loss as a reclassification adjustment upon settlement of IRS.

(iii) Commodity futures

These derivatives are entered into to reduce the price risk on behalf of its customers. These are initially measured at fair value and do not qualify for hedge accounting. Subsequent to initial recognition, these derivatives are measured at fair value, and the changes therein are recognised in the interim consolidated statement of profit or loss.

The Group entered into commodity futures contracts to reduce the price risk on behalf of its customers for 9,500 metric tonnes (31 December 2022: 4,250 metric tonnes) and these mature between one to six months from the period ended 31 March 2023.

In December 2022 Alba entered into derivative transactions as a partial hedge (for a very small percentage of production) against LME price movements. For the current year, these are being measured at fair value, i.e. not applying hedge accounting. Therefore changes therein are recognised in the interim consolidated statement of profit or loss. Commodity future contracts were entered into for 17,500 metric tonnes (31 December 2022: 7,500 metric tonnes) and these mature between one to three months from the period ended 31 March 2023.

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

5 DIVIDEND

At the Annual General Meeting held on 26 February 2023, the Company's shareholders approved the final dividend of BD 0.0857 per share, excluding treasury shares, totaling to BD 121,345 thousand for the year ended 31 December 2022 which has been fully paid as at 31 March 2023 (31 December 2022: final dividend of BD 0.05314 per share, excluding treasury shares, totaling BD 75,316 thousand for the year ended 31 December 2021 and interim dividend of BD 0.03188 per share, excluding treasury shares, totaling BD 45,123 thousand for the year ended 31 December 2022 approved and paid during the year).

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<i>Three-month period ended</i>	
	31 March 2023	31 March 2022
	BD '000	BD '000
a) Type of goods		
Sale of aluminium	367,953	451,510
Pricing adjustments	1,967	3,439
	369,920	454,949

Pricing adjustments represent mark-to-market adjustments on initial estimate of provisionally priced sales.

	<i>Three-month period ended</i>	
	31 March 2023	31 March 2022
	BD '000	BD '000
b) Geographical markets		
Kingdom of Bahrain	88,287	114,073
Europe	79,389	97,727
Rest of the Middle East and North Africa	100,226	95,597
Asia	48,364	80,178
Americas	53,654	67,374
	369,920	454,949

c) Customer concentration

Revenue from sale of aluminium to the three major customers of the Group amounted to BD 88,387 thousands with one of the customer individually accounting for more than 10% of the total revenue from contracts with customers for the three month period ended 31 March 2023 (the three major customers amounted to BD 138,092 thousand with one of the customer individually accounting for more than 10% of the total revenue from contracts with customers for the three month period ended 31 March 2022).

7 SEGMENT INFORMATION

For management reporting purposes, the Group has a single operating segment which is the ownership and operation of a primary aluminium smelter and related infrastructure. Hence, no separate disclosures of profit or loss, assets and liabilities are provided as this disclosure will be identical to the interim consolidated statement of financial position and interim consolidated statement of profit or loss of the Group.

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss for the period attributed to ordinary equity holders of the Group by the weighted average number of ordinary shares purchased by the Group and held as treasury shares and is as follows:

	<i>Three-month period ended</i>	
	31 March 2023	<i>31 March 2022</i>
Profit for the period (BD '000)	47,447	146,803
Weighted average number of shares net of treasury shares - thousands of shares	1,415,741	1,416,273
Basic and diluted earnings per share (fils)	34	104

Basic and diluted earnings per share are the same since the Group has not issued any instruments that would have a dilutive effect.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this interim condensed consolidated financial statements.

9 COMMITMENTS AND CONTINGENCIES

a) Commitments

	31 March 2023	<i>31 December 2022</i>
	Reviewed BD '000	<i>Audited BD '000</i>
<i>Physical metal commitments</i>		
Sales commitments :		
9,500 metric tonnes (31 December 2022: 4,250 metric tonnes)	8,355	3,821

Raw material supply agreements

In the ordinary course of business the Group has entered into long-term commitments to purchase raw materials. These contracts are based on the market price of the raw material at the time of delivery.

Capital expenditure

Estimated capital expenditure contracted for at the reporting date amounted to BD 121,949 thousand (31 December 2022: BD 115,823 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

b) Contingencies

- i) The Group is party to ongoing labour claims and disputes. Based on the advice of the Company's external legal counsel, the management is of the opinion that the Company has strong grounds to successfully defend itself against these claims. The total amount of claims ascertained against the Company amounting to BD 98 thousand (31 December 2022: BD 98 thousand). The Management believes that there is no provision required against these claims.
- ii) Under an employee scheme, the Group has issued guarantees to financial institutions in the Kingdom of Bahrain in relation to the mortgage loans of its employees to the extent of their cumulative balance in the Alba saving scheme. The total value of these letters of guarantee is BD 15,938 thousand (31 December 2022: BD 16,346 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

9 COMMITMENTS AND CONTINGENCIES (continued)**b) Contingencies (continued)**

iii) At 31 March 2023, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 12,921 thousand (31 December 2022: 12,921 thousand) from which it is anticipated that no material liabilities will arise.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors, key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and Board of Directors.

The Group purchases gas and receives services from various Government and semi-government organisation and companies in the Kingdom of Bahrain. Other than purchase of natural gas, such other transactions are in the normal course of business and are not considered to be individually significant in terms of size.

Transactions with other commercial non-government related parties related to the controlling shareholder and significant transaction with Government related entities included in the interim consolidated statement of profit or loss are as follows:

Transactions with shareholders

	<i>Three months ended</i>	
	31 March 2023 BD '000	31 March 2022 BD '000
Other related parties		
<i>Revenue and other income</i>		
Sale of metal	15,534	33,941
Sale of water	292	258
Interest on receivable	75	-
Realised gain on settlement of cash flow hedge	8,272	-
	<u><u>24,173</u></u>	<u><u>34,199</u></u>
	<i>Three months ended</i>	
	31 March 2023 BD '000	31 March 2022 BD '000
Other related parties		
<i>Cost of revenue and expenses</i>		
Purchase of natural gas and diesel	57,183	58,318
Purchase of metal scrap	6,653	-
Purchase of electricity	6,877	2,029
Interest on loans and borrowings	1,063	504
Amortisation of deferred cost on IRS	3,101	-
Others	339	312
	<u><u>75,216</u></u>	<u><u>61,163</u></u>

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Balances with shareholders

Balances with related parties included in the interim consolidated statement of financial position are as follows:

	<i>31 March 2023 Reviewed BD '000</i>	<i>31 December 2022 Audited BD '000</i>
Other related parties		
Assets		
Trade receivables	6,675	6,396
Other receivables - net of allowance for expected credit loss of BD 6,797 thousand (31 December 2022: BD 6,797 thousand)	2,639	3,473
Bank balances	1,504	1,104
Derivative financial instruments - interest rate swap	14,863	25,209
	<u>25,681</u>	<u>36,182</u>
Liabilities		
Trade payables	27,178	21,231
Loans and borrowings	38,045	38,045
Interest payable on loans and borrowings	1,063	426
	<u>66,286</u>	<u>59,702</u>

Outstanding trade payables balances at period/ year end arise in the normal course of business are interest free, unsecured and payable on demand.

Compensation of key management personnel

The remuneration of members of key management during the period was as follows:

	<i>Three months ended</i>	
	<i>31 March 2023 BD '000</i>	<i>31 March 2022 BD '000</i>
Short term benefits	1,027	851
End of service benefits	28	27
Contributions to Alba Savings Benefit Scheme	24	23
SIO Contribution (ALBA share)	9	7
	<u>1,088</u>	<u>908</u>

11 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of financial instruments

Financial instruments comprise of financial assets, financial liabilities and derivative financial instruments.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 31 March 2023

11 FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

Financial assets consist of bank balances and cash, short term deposits and trade and other receivables. Financial liabilities consist of trade and other payables, loans and borrowings and lease liabilities. Derivative financial instruments consist of the interest rate swaps and commodity future.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted market prices in an active market (that are unadjusted) for identical assets or

Level 2 : Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable); and

Level 3 : Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

As at 31 March 2023 and as at 31 December 2022, the Group's derivative financial instruments, related to interest rate swaps and commodity and trade receivables (subject to provisional pricing) are measured at fair value and categorised as Level 2 as per the hierarchy. The Group does not have any financial instruments categorised as Level 1 or Level 3.

The fair values of other financial instruments are not materially different from their carrying values as of the reporting date largely due to the short term maturities and floating rate of borrowings which are similar to observed market rate of the group's liabilities.

During the period ended 31 March 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.