

Aluminium Bahrain B.S.C.

**REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2025

Aluminium Bahrain B.S.C.

Report of the Board of Directors for the financial year ended 31 December 2025

This report is issued by the Board of Directors of Aluminium Bahrain B.S.C. (“Alba”) for the financial year ended 31 December 2025, in fulfilment of its statutory and regulatory obligations under the requirements of the Central Bank of Bahrain (“CBB”) and the Ministry of Industry and Commerce (“MOIC”). It provides a consolidated overview of Alba’s governance, compliance, and control environment, together with key matters relevant to Alba’s regulatory standing, risk profile, and corporate governance practices. The report reflects the Board’s commitment to the highest standards of transparency, accountability, and regulatory compliance, and supports the discharge of its responsibilities in accordance with applicable laws, regulations, and recognised governance best practices.

This report is submitted separately from, and in addition to, Alba’s Corporate Governance Report and Annual Report.

Principal Activities and Corporate Presence

Alba is a Bahrain Public Joint Stock Company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) No. 999 and has its ordinary shares are listed on the Bahrain Bourse, with Global Depositary Receipts (GDRs) listed on the London Stock Exchange – Main Market.

The principal activities of Alba are the construction and operation of aluminium smelting facilities, the production and sale of aluminium products within and outside the Kingdom of Bahrain, and the undertaking of all related and ancillary activities that support, complement, or enhance Alba’s operations, assets, and profitability.

In support of its international operations and strategic objectives, Alba maintains a number of overseas branches and subsidiaries approved by the Board of Directors, including:

- A branch in Switzerland, established in 2011 and registered as Aluminium Bahrain B.S.C.
- A wholly owned subsidiary in the United States, Aluminium Bahrain US, Inc.
- A captive insurance subsidiary in Guernsey, AlbaCap Insurance Limited, established in 2019.
- A branch in Singapore established in 2020.
- A branch in the Kingdom of Bahrain, formerly operating as Alba Club W.L.L., which transitioned into a branch in 2023.
- A 70% ownership in Alba Daiki Sustainable Solutions W.L.L established in Bahrain as a joint venture entity with Daiki Aluminium Industry Co. Ltd.

This structure reflects the Board’s oversight of Alba’s domestic and international footprint and supports Alba’s operational, commercial, and risk management activities in line with its strategic objectives and regulatory obligations.



Share Capital Structure

Shareholders

2025 (%)

Bahrain Mumtalakat Holding Company B.S.C. (c)	69.38
Saudi Arabian Mining Company (Ma'aden)*	20.62
Others – Public	10.00
	100.00

*In February 2025, Saudi Arabian Mining Company (Ma'aden) acquired a 20.6% stake in Alba from Saudi Basic Industries (SABIC) after receiving regulatory approvals, becoming its new strategic shareholder.

Financial Performance and Shareholder Returns

In 2025, Alba delivered a strong operational and financial performance, reflecting disciplined execution, resilient operations, and a continued focus on value creation. Alba maintained a robust balance sheet and solid liquidity position, supporting its ability to navigate market volatility and sustain long-term growth. These results underscore the effectiveness of Alba's strategic direction, prudent financial management, and comprehensive risk management framework. In line with the Board's commitment to enhancing shareholder value and subject to the necessary approvals, the Board is pleased to recommend a cash dividend to shareholders, reflecting confidence in Alba's financial strength and future prospects.

Alba including its subsidiaries and branches (together the "Group") made a Profit of BHD 218.7 million for the financial year of 2025 versus a Profit of BHD 184.5 million for the financial year of 2024.

Results and Retained Earnings

The Movements in Retained Earnings of the Group were:

Retained Earnings Movement

FY 2025

	BD '000
Balance at 31 December 2024	1,702,849
Profit for the year 2025	218,688
Loss from resale of treasury shares	-862
Final dividend approved and paid for 2024	-37,629
Interim dividend approved and paid for 2025	-14,933
Balance at 31 December 2025	1,868,113



Appropriations

- On 5 August 2025, the Board of Directors of Alba approved and recommended the distribution of an interim cash dividend of Fils 10.55 per share (excluding treasury shares), amounting to a total of BHD 14,933,224, which was duly paid through Bahrain Bourse to eligible shareholders on 19 Aug 2025.
- On 17 February 2026, the Board of Directors further approved and recommended the distribution of a final cash dividend of Fils 43.51 per share (excluding treasury shares), amounting to a total of BHD 61,612,237, subject to shareholders' approval.

The above appropriations are subject to the approvals of Alba's shareholders at the Annual General Meeting which will be held on 12 March 2026.

Board of Director's Remuneration

The remuneration of the Board of Directors is determined in accordance with the Board and Board Committee Members' Remuneration, Fees and Allowances Policy approved by the shareholders. The Board confirms that Directors' remuneration during the year was determined and paid strictly in accordance with the approved Board and Board Committee Members' Remuneration, Fees and Allowances Policy.

BD'000

Name	Fixed Remunerations				Variable Remunerations				End-of-Service Award	Aggregate Amount (Does not Include Expense allowance)	Expenses Allowance
	Remunerations ¹ of the Chairman and BOD	Total Allowance for Attending Board and Committee Meetings	Others ²	Total	Remunerations of the Chairman and BOD	Incentive Plans	Others ³	Total			
First: Independent Directors											
Khalid Al Rumaihi	60	33		93	-	-	-	-	-	93	-
Shaikh Isa bin Khalid Al Khalifa	40	19	-	59	-	-	-	-	-	59	-
Tim Murray	40	17	-	57	-	-	-	-	-	57	3,413

Bruce Cox	40	19	-	59	-	-	-	-	-	59	3.156
Roselyne Renel	40	13	-	53	-	-	-	-	-	53	1.2
Second: Non-Executive Directors											
Omar Syed	40	19	-	59	-	-	-	-	-	59	-
Ahmed Al Shaikh	32	13.8	-	45.8	-	-	-	-	-	45.8	1.438
Khaled Al Rowais	32	16.8	-	48.8	-	-	-	-	-	48.8	2.440
Rasha Sabkar	32	12.8	-	44.8	-	-	-	-	-	44.8	-
Omar Al Amoudi	8	3.2	-	11.2	-	-	-	-	-	11.2	1.2
Ahmed AlDuriaan	8	3.2	-	11.2	-	-	-	-	-	11.2	1.125
Jihad Al Hakamy	8	3.2	-	11.2	-	-	-	-	-	11.2	.9
Hala Mufeez	40	17	-	57	-	-	-	-	-	57	-
Third: Executive Directors (not Applicable)											
Total	420	190	-	610	-	-	-	-	-	610	14.872

¹ as per Policy for the Board Directors and Board Committee Members' Remuneration Fees, Attendance Fees and Per Diem Allowance.

² It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any)

³ It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Executive Management Remuneration and Incentive Payments

The Board reviewed and approved the remuneration, incentives, and performance-based payments for Alba's executive management. Such payments were determined based on the achievement of predefined financial and operational performance objectives, individual performance assessments, and the Alba's overall results, ensuring alignment with Alba's long-term strategy, shareholder interests, and sound risk management practices.

Corporate Secretary

Mrs. Sohaila Abdul Rahman has been the Corporate Secretary since July 2025.

Executive Management Team

Mr. Ali Al Baqali, Chief Executive Officer
 Dr. Abdulla Habib, Chief Operations Officer
 Mr. Amin Sultan, Chief Power Officer
 Mr. Waleed Tamimi, Chief Supply Officer
 Mrs. Sohaila Abdul Rahman, Chief Legal & Corporate Governance Officer
 Mr. Hisham Al Kooheji, Chief Marketing Officer
 Mr. Ricardo Santana, Chief Financial Officer
 Mr. Fahad Danish, Chief Human Resources Officer

Alba Executives' Remuneration

Executive Management	Total Paid Salaries & Allowances	Total Paid Remuneration (Bonus)*	Any Other Cash-in-Kind Remuneration	BD's Aggregate Amount
Top 8 remunerations for executives: (Chief Executive Officer, Chief Marketing Officer, Chief Power Office, Chief Operations Officer, Chief Supply Officer, Chief Legal & Corporate Governance Officer, Chief Financial Officer and Chief Human Resources Officer)	1,289,766	685,894	158,243	2,133,903

*Bonus payment made in 2025 for the 2024 performance year

Board Responsibility and Assurance Statement

The Board of Directors confirms that it has exercised due care and diligence in overseeing Alba's governance, risk management, internal control, and compliance frameworks throughout the year ended 31 December 2025. Based on the information available to the Board and the assurance received from management, Internal Audit, and external advisors, the Board is satisfied that these frameworks are operating in a manner appropriate to the size, complexity, and risk profile of Alba.

The Board further confirms that Alba has maintained an open, transparent, and constructive relationship with the Central Bank of Bahrain, the Ministry of Industry and Commerce, and other relevant regulators throughout the year. Alba has complied, in all material respects, with its regulatory reporting, notification, and disclosure obligations in accordance with applicable laws and regulations.



Detailed information on Alba’s corporate governance framework, Board and Committee structures, policies, and practices is set out in the Corporate Governance Report forming part of Alba’s Annual Report for the year ended 31 December 2025, which should be read in conjunction with this report.

Appreciation and Acknowledgments

The Board of Directors extends its sincere appreciation to the leadership of the Kingdom of Bahrain for their continued support and commitment to the development and sustainability of the national industrial sector. We also express our gratitude to the Ministry of Industry and Commerce, the Central Bank of Bahrain, and all relevant regulatory authorities for their guidance, cooperation, and constructive engagement throughout the year.

We thank our shareholders for their continued confidence and support, which remain fundamental to Alba’s long-term stability and growth. We are equally grateful to our customers, business partners, and stakeholders for their trust and collaboration.

The Board would also like to record its appreciation to Alba’s Executive Management and employees for their dedication, professionalism, and unwavering commitment to operational excellence, safety, and performance. Their collective efforts continue to underpin Alba’s resilience and success.

Under the leadership of the Chief Executive Officer and the Executive Management team, the Board remains confident in Alba’s strategic direction and looks forward with optimism to the continued strengthening of Alba’s performance, governance, and value creation for all stakeholders.

This report is approved and issued by the Board of Directors of Aluminium Bahrain B.S.C. in accordance with its statutory duties and responsibilities under the Bahrain Companies Law, the CBB Rulebook, and applicable MOIC requirements.



Khalid Al Rumaihi
Chairman



Isa Al Khalifa
Director

17 February 2026





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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALUMINIUM BAHRAIN B.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aluminium Bahrain B.S.C. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ALUMINIUM BAHRAIN B.S.C. (CONTINUED)**

Report on the Audit of the Consolidated Financial Statements (continued)

Impairment assessment of property, plant and equipment

Refer to note 2 for impairment policy, note 3 for estimate and judgment and note 4 on disclosure of property, plant and equipment in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 December 2025, the Group held property, plant and equipment (PPE) of BD 1,812,601 thousand in the consolidated statement of financial position.</p> <p>This area was important to our audit due to the size of the carrying value of the PPE (69% of the total assets as at 31 December 2025) as well as the judgement involved in the assessment of the recoverability of the carrying value of the assets.</p> <p>The recoverability of the carrying value of the PPE is in part dependent on the Group's ability to generate sufficient future profits. This assessment requires management to make assumptions in the underlying cash flow forecasts in respect of factors such as future production and sales levels, LME prices, input prices and overall market and economic conditions.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> i) We evaluated the Group's basis of developing forecasts and cashflow projections on the basis of management's expectation of the performance of the Group's business considering the prevailing economic conditions in general and the aluminium industry in particular; ii) With the support of our specialist, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the methodology used by the Group to assess impairment of PPE; and - evaluated management assumptions used in cash flow models used by the Group against external data including adjustments for risks specific to the Group, in particular its revenue forecasts based on forward estimates of LME prices, discount rates and expected long-term growth rates; iii) We agreed the relevant financial and quantitative data used in the Discounted Cash Flow (DCF) model to the production plans and approved budgets; and iv) We assessed whether the consolidated financial statements disclosures relating to key inputs and assumptions for impairment were appropriate.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALUMINIUM BAHRAIN B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information in the Group's 2025 annual report

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Report of the Board of Directors which form part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALUMINIUM BAHRAIN B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALUMINIUM BAHRAIN B.S.C. (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that:

- a) As required by the Bahrain Commercial Companies Law:
 - i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - ii) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and
 - iii) satisfactory explanations and information have been provided to us by management in response to all our requests.
- b) We are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Group or on its consolidated financial position.
- c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - i) has appointed a Corporate Governance Officer; and
 - ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Nader Rahimi.



Partner's Registration No. 115
17 February 2026
Manama, Kingdom of Bahrain

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Note	2025 BD '000	2024 BD '000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,812,601	1,865,839
Derivative financial instruments	17	4,662	8,897
Trade and other receivables	6	3,684	4,805
Deferred tax assets	18	57	76
		1,821,004	1,879,617
Current assets			
Inventories	5	381,626	405,263
Trade and other receivables	6	264,298	270,300
Derivative financial instruments	17	2,594	4,372
Bank balances and cash	7	153,748	113,800
		802,266	793,735
TOTAL ASSETS		2,623,270	2,673,352
EQUITY AND LIABILITIES			
Equity			
Share capital	8	142,000	142,000
Treasury shares	9	(3,981)	(4,939)
Statutory reserve	10	71,000	71,000
Capital reserve	11	249	249
Cash flow hedge reserve	17	7,256	12,782
Retained earnings		1,868,113	1,702,849
Equity attributable to owners of Aluminium Bahrain B.S.C.		2,084,637	1,923,941
Non-controlling interest		950	-
TOTAL EQUITY		2,085,587	1,923,941
Non-current liabilities			
Loans and borrowings	13	291,062	339,440
Lease liabilities	14	11,171	6,796
Employees' end of service benefits	15	1,344	1,113
		303,577	347,349
Current liabilities			
Loans and borrowings	13	74,754	189,209
Lease liabilities	14	2,131	1,018
Trade and other payables	16	156,838	211,835
Derivative financial instruments	17	383	-
		234,106	402,062
TOTAL LIABILITIES		537,683	749,411
TOTAL EQUITY AND LIABILITIES		2,623,270	2,673,352



Khalid Al Rumaihi

Chairman



Isa Bin Khalid Bin Abdulla
Al Khalifa
Director



Ali Al Baqali

Chief Executive Officer

The attached notes 1 to 29 form part of these consolidated financial statements.



Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Note	2025 BD '000	2024 BD '000
Revenue from contracts with customers	19	1,778,772	1,621,728
Cost of revenue	21	(1,444,189)	(1,308,695)
GROSS PROFIT		334,583	313,033
Other income - net	20	11,515	7,737
Gain / (loss) on foreign exchange		7,113	(1,538)
General and administrative expenses	21	(50,677)	(41,940)
Selling and distribution expenses	21	(50,189)	(61,621)
Finance costs	22	(34,160)	(37,987)
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	17	4,188	6,102
Directors' remuneration	25	(420)	(420)
Changes in fair value of derivative financial instruments	17	(870)	1,595
PROFIT FOR THE YEAR BEFORE TAX		221,083	184,961
Tax	18	(2,396)	(419)
PROFIT FOR THE YEAR		218,687	184,542
Attributable to:			
Equity holders of Aluminium Bahrain B.S.C.		218,688	184,542
Non-controlling interest		(1)	-
		218,687	184,542
Basic and diluted earnings per share (fils)	23	154	130



Khalid Al Rumaihi

Chairman



Isa Bin Khalid Bin Abdulla

Al Khalifa
Director



Ali Al Baqali

Chief Executive Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 BD '000	2024 BD '000
PROFIT FOR THE YEAR		218,687	184,542
Other comprehensive income / (loss)			
<i>Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Effective portion of changes in fair value of cash flow hedge	17	(1,338)	4,983
Net gains on interest rate swap (IRS) reclassified to the profit or loss	17	(4,188)	(6,102)
		(5,526)	(1,119)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		213,161	183,423
Attributable to:			
Equity holders of Aluminium Bahrain B.S.C.		213,162	183,423
Non-controlling interest		(1)	-
		213,161	183,423



Khalid Al Rumaihi

Chairman



Isa Bin Khalid Bin Abdulla
Al Khalifa
Director



Ali Al Baqali

Chief Executive Officer

The attached notes 1 to 29 form part of these consolidated financial statements.



Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 BD '000	2024 BD '000
OPERATING ACTIVITIES			
Profit for the year before tax		221,083	184,961
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation	4	153,549	137,869
Provision for employees' end of service benefits	15 (a)	1,589	1,815
Provision for slow moving inventories	5	5,514	1,161
(Reversal of allowance) allowance for expected credit losses	6	(1,434)	431
Changes in fair value of derivative financial instruments	17	870	(1,595)
Interest income	20	(7,137)	(3,186)
Loss on disposals of property, plant and equipment	21	883	1,594
Property, plant and equipment written offs	21	8,574	1,845
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	17	(4,188)	(6,102)
Forex gain on revaluation of loans and borrowings and bank balances - net		(480)	531
Finance costs	22	34,160	37,987
Operating profit before working capital changes		412,983	357,311
<i>Working capital changes:</i>			
Inventories		18,123	(56,627)
Trade and other receivables		7,616	(44,995)
Trade and other payables		(49,166)	43,331
Net cash generated from operations		389,556	299,020
Employees' end of service benefits paid	15 (a)	(1,358)	(2,345)
Income tax paid		(764)	(4)
Net cash flows from operating activities		387,434	296,671
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(107,519)	(103,996)
Proceeds from disposal of property, plant and equipment		745	36
Deposits invested		(643)	(4,832)
Interest received		7,084	3,354
Net cash flows used in investing activities		(100,333)	(105,438)

The attached notes 1 to 29 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025 (continued)

	<i>Note</i>	2025 BD '000	2024 BD '000
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	26	940,651	1,297,403
Repayment of loans and borrowings	26	(1,106,434)	(1,360,580)
Interest on loans and borrowings and leases paid		(33,071)	(34,087)
Payment of lease liabilities	14	(2,095)	(1,267)
Dividends paid	12	(52,562)	(48,831)
Settlement of derivatives	17	4,188	6,102
Purchase of treasury shares		(4,742)	(9,994)
Proceeds from resale of treasury shares		4,838	10,111
Proceeds from non-controlling interest		951	-
Net cash flows used in financing activities		(248,276)	(141,143)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		38,825	50,090
Cash and cash equivalents at 1 January		106,049	56,713
Effect of movement in exchange rates on cash held		480	(754)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	145,354	106,049

Non-cash items:

i) Amortisation of deferred cost amounting to BD 2,950 thousand (2024: BD 6,211 thousand) has been excluded from the movement of finance cost paid.

ii) During the year ended 31 December 2024, property, plant and equipment purchased of BD 3,923 thousand but not paid had been excluded from the movement of trade and other payables.



Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Note	Equity attributable to owners of Aluminium Bahrain B.S.C.						Non-controlling interest	Total Equity	
		Share capital	Treasury shares	Statutory reserve	Capital reserve	Cash flow hedge reserve	Retained earnings			
		BD '000	BD '000	BD '000	BD '000	BD '000	BD '000			
Balance at 31 December 2023		142,000	(4,591)	71,000	249	13,901	1,566,673	1,789,232	-	1,789,232
Profit for the year		-	-	-	-	-	184,542	184,542	-	184,542
Effective portion of changes in fair values of cash flow hedge	17	-	-	-	-	4,983	-	4,983	-	4,983
Net gains on interest rate swap (IRS) reclassified to profit or loss	17	-	-	-	-	(6,102)	-	(6,102)	-	(6,102)
Total comprehensive income for the year		-	-	-	-	(1,119)	184,542	183,423	-	183,423
Net movement in treasury shares		-	(348)	-	-	-	465	117	-	117
Final dividend approved and paid for 2023	12	-	-	-	-	-	(22,516)	(22,516)	-	(22,516)
Interim dividend approved and paid for 2024	12	-	-	-	-	-	(26,315)	(26,315)	-	(26,315)
Balance at 31 December 2024		142,000	(4,939)	71,000	249	12,782	1,702,849	1,923,941	-	1,923,941
Profit for the year		-	-	-	-	-	218,688	218,688	(1)	218,687
Effective portion of changes in fair values of cash flow hedge	17	-	-	-	-	(1,338)	-	(1,338)	-	(1,338)
Net gains on interest rate swap (IRS) reclassified to profit or loss	17	-	-	-	-	(4,188)	-	(4,188)	-	(4,188)
Total comprehensive income for the year		-	-	-	-	(5,526)	218,688	213,162	(1)	213,161
Net movement in treasury shares		-	958	-	-	-	(862)	96	-	96
Final dividend approved and paid for 2024	12	-	-	-	-	-	(37,629)	(37,629)	-	(37,629)
Interim dividend approved and paid for 2025	12	-	-	-	-	-	(14,933)	(14,933)	-	(14,933)
Capital paid by non-controlling interest		-	-	-	-	-	-	-	951	951
Balance at 31 December 2025		142,000	(3,981)	71,000	249	7,256	1,868,113	2,084,637	950	2,085,587

The attached notes 1 to 29 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

1 CORPORATE INFORMATION

Aluminium Bahrain B.S.C. ("the Company" & "Alba") 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 - Main Market. The Company has its registered office at Building 150, Road 94, Block 951, Askar Kingdom of Bahrain.

The Company's majority shareholder is Bahrain Mumtalakat Holding Company B.S.C. (c) ("Mumtalakat") which is also the ultimate parent, 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.

During the year ended 31 December 2025, SABIC Industrial Investments Company (SIIC) sold its total 20.62% shareholding in the Company to Saudi Arabian Mining Company (Ma'aden) which then became a shareholder in Alba.

The Group comprises the Company and the following significant subsidiaries:

<i>Name</i>	<i>Country of incorporation</i>	<i>Effective ownership</i>		<i>Principal activities</i>
		<i>2025</i>	<i>2024</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.
Alba-Daiki Sustainable Solutions W.L.L.*	Kingdom of Bahrain	70%	-	Aluminium dross processing (under construction)

* During the year ended 31 December 2025, the Company and Daiki Aluminium Industry Co. Limited ("Daiki") established a new subsidiary, Alba-Daiki Sustainable Solutions W.L.L. ("Alba-Daiki"), which was registered on 6 March 2025. The Company and Daiki hold 70% and 30% shareholding, respectively. Alba-Daiki proposes to operate an aluminium dross processing plant, which is currently under construction.

The Group also has representative branch offices in Kingdom of Bahrain, Zug (Switzerland) and Singapore.

The consolidated financial statements of the Group were authorized for issue in accordance with a resolution of the Board of Directors on 17 February 2026.

2 MATERIAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements are prepared on historical cost basis modified to include the measurement at fair value of derivative financial instruments.

2 MATERIAL ACCOUNTING POLICIES (continued)

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB") and in conformity with the Bahrain Commercial Companies Law.

Functional and presentation currency

The consolidated financial statements have been presented in Bahraini Dinars (BD), which is also the Company's functional currency. Unless otherwise stated, all financial information presented has been rounded off to the nearest thousand dinar.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- a) The contractual arrangement with the other vote holders of the investee;
- b) Rights arising from other contractual arrangements; and
- c) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries.

Assets, liabilities, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group using consistent accounting policies. Adjustments are made to ensure the financial statements of the subsidiaries conform to the accounting policies of the Group.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.



2 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

New and amended standards and interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for below amendment to the standard adopted by the Group as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- *Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.*

The adoption of this amendment to standard did not have any effect on the Group's consolidated financial statements.

Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective:

- *Annual improvements to IFRS Accounting Standards - Volume 11: The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.*
- *Power purchase agreements - Amendments to IFRS 9 and IFRS 7: In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.*
- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments: In May 2024, the IASB issued these amendments which:*
 - Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.*
 - Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.*
 - Clarify the treatment of non-recourse assets and contractually linked instruments.*
 - Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that refer a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.*

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026;

2 MATERIAL ACCOUNTING POLICIES (continued)

Standards and interpretations issued but not yet effective (continued)

- *IFRS 18 – Presentation and Disclosure in Financial Statements: In April 2024, the IASB issued this standard which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The standard will be effective for annual reporting periods beginning on or after 1 January 2027;*
- *IFRS 19 – Subsidiaries without Public Accountability – Disclosures: In May 2024, the IASB issued this standard which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRSs. The standard will be effective for annual reporting periods beginning on or after 1 January 2027;*
- *Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: In December 2015, the IASB issued these amendments which clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The effective date for adoption of these amendments has deferred indefinitely; and*
- *Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21: In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.*

Management is currently assessing the impact of the above standards on the consolidated financial statements of the Group.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2 MATERIAL ACCOUNTING POLICIES (continued)

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Financial assets comprise of FVTPL investments, loans and receivables, certain portion of trade and other receivables, derivative financial instruments, bank balances and cash. Financial liabilities comprise of import loans, certain portion of trade and other payables, lease liabilities and derivative financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements 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 (unadjusted) market prices in active markets for identical assets or liabilities;

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.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

The Group is in the business of manufacturing and selling aluminium in liquid form as well as in the form of billets, slabs, foundry and ingots. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements relating to revenue from contracts with customers are provided in note 3.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 180 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

(ii) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(iii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Where the Group receives an advance from a customer in consideration for the sale of aluminium over a period exceeding 12 months, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Interest income

Interest income is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Other income

Other income is recognised on an accrual basis when income is earned.



2 MATERIAL ACCOUNTING POLICIES (continued)

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences cannot be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

2 MATERIAL ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority and the same taxable entity.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The gross amount of VAT recoverable from, or payable to, the taxation authority are included as part of receivables and payables in the consolidated statement of financial position.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period when they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Capital Spares

The Group capitalises the spare parts of machines that are high in value, critical to the plant operations and have a useful life equal to or less than the life of the machine. These spare parts are depreciated over their specific useful life.

2 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Capital work-in-progress

The capital work-in-progress is stated at cost less any identified impairment loss and comprises expenditure incurred on the acquisition and installation of property, plant and equipment which is transferred to the appropriate category of asset and depreciated as and when assets are available for use. These include assets that are periodically refurbished.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful lives of property, plant and equipment as follows:

Freehold buildings	3 - 45 years
Power generating plant	3 - 40 years
Plant, machinery and other equipment	2 - 30 years

Land and assets in the process of completion are not depreciated. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

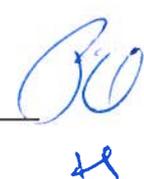
The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	25 years
Plant, machinery and other equipment	5 years



2 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Right-of-use assets (continued)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment assessment using the policies discussed under "impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	Purchase cost on a weighted average basis.
Finished goods and work in process	Cost of direct materials, labour plus attributable overheads based on normal level of activity, but excluding borrowing costs, on weighted average basis.
Spares	Purchase cost calculated on a weighted average basis after making due allowance for any obsolete items.



2 MATERIAL ACCOUNTING POLICIES (continued)

Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that non-financial asset (except inventories and deferred tax assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



2 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables (not subject to provisional pricing), other receivables, bank balances and short-term deposits.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

The Group's financial asset carried at fair value through profit and loss cost include trade receivables (subject to provisional pricing).

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either;

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

i) Financial assets (continued)

Derecognition (continued)

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all of its debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

ii) Financial liabilities (continued)

Initial recognition and measurement (continued)

The Group's financial liabilities include loans and borrowings, lease liabilities and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

Liabilities for trade and other payables are carried at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Loans and borrowings

In respect of interest bearing loans, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, such as interest rate swaps and commodity futures, options and swap, to hedge its interest rate risks and commodity price risks, respectively.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of a derivative is the equivalent to its prevailing market rates or is based on broker quotes. Derivatives with positive market values are disclosed as assets and derivatives with negative market values are disclosed as liabilities in the consolidated statement of financial position.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Derivative financial instruments and hedging activities (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The Group's criteria for a derivative financial instrument to be accounted for as a hedge include:

- at the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation should include identification of the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged, and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or the hedged transaction's cash flows that is attributable to the hedged risk;
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship;
- for cash flow hedges, a forecasted transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported net profit or loss;
- the effectiveness of the hedge can be reliably measured, that is, the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured; and
- the hedge must be assessed on an ongoing basis and determined to have actually been highly effective throughout the financial reporting period.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss as other expense.

2 MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Derivative financial instruments and hedging activities (continued)

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The changes in fair values of derivative financial instruments that are designated, and qualify, as cash flow hedges and prove to be highly effective in relation to the hedged risk, are recognised as a separate component in equity as a cash flow hedge reserve. Unrealised gains or losses on any ineffective portion of cash flow hedging transactions are recognised in the consolidated statement of profit or loss.

The Group uses interest rate swap as hedges of its exposure to its interest rate on loans. The realised loss or gain arising on settlement of IRS at the time of interest payment relating to hedged portion of borrowings is transferred to consolidated statement of profit or loss from cash flow hedge reserve upon settlement.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

Discontinuation of hedge accounting

If the hedge no longer meets the criteria for hedge accounting or the hedge instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedge reserve remains in equity until it is reclassified to consolidated statement of profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedge cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the consolidated statement of profit or loss.

Employee benefits

For Bahraini nationals, the Group makes contributions to the Social Insurance Organisation (SIO). This is a funded defined contribution scheme and the Group's contributions are charged to the consolidated statement of profit or loss in the year to which they relate. The Group's obligations are limited to the amounts contributed to the Scheme.

For non-Bahraini employees, the Group provided for end of service benefits in accordance with the Bahrain Labour Law based on their salaries at the time of end of contract period of two years service. Under a new end of service benefits system for non-Bahraini employees, effective from 1 March 2024, the Group is required to pay the monthly end of service contributions to Social Insurance Organization (SIO) calculated as a percentage of the employees' updated salaries in the SIO portal. The Group continues to make end of service payments every two years, and any accrued amounts will be paid to the employee when the employee leaves the Group.

The monthly percentages to be collected by the SIO for the end-of-service benefits will be as follows:

- 4.2% per month in the first three years of employment, half a month's wage per year.
- 8.4% per month for each subsequent year of employment after initial three years, one month's wage per year.

2 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Further, adequate provision is created for staff entitlements in accordance with the labour laws prevailing in the respective countries in which the subsidiaries operate.

Alba Savings Benefit Scheme

The Group operates a compulsory savings scheme for its Bahraini employees. The Group's obligations are limited to the amounts to be contributed to the scheme. This saving scheme represents a funded defined contribution scheme.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with original maturities of three months or less, excluding short term deposits pledged against short term borrowings as they are considered an integral part of the Group's cash management.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Treasury shares

Treasury shares are stated at acquisition cost and are shown as a deduction to equity. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the treasury shares. Gain or loss arising from the subsequent resale of treasury shares is included in the retained earnings in the consolidated statement of changes in equity. Net movement from repurchase and resales of treasury shares is booked under the treasury shares.

Foreign currencies

The Group's consolidated financial statements are presented in Bahraini Dinars (BD) which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle to profit or loss the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss.



2 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into BD at the rate of exchange prevailing at the reporting date and their statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component recognised in the consolidated statement of changes in equity relating to that particular foreign operation is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, the Board of Directors has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Group's Board of Directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Determining the lease term of contracts with renewal and termination options – the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has entered into commercial leases in respect of plots of land on which its plants, buildings and staff accommodation are located. The Group's lease contracts include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.



3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue from contracts with customers

The Group applies the judgements in determination of effects of variable consideration that could significantly affect the determination of the amount and timing of revenue from contracts with customers.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. During the year ended 31 December 2025, the Group has not entered into any contract for sales of goods that include volume discount.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The Group's Board of Directors determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment and right of use assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Estimated use of the plant by annual MT of finished goods produced;
- LME prices and premium;
- Amount and timing of revenue relating to capacity of the plant and inflation rate used to extrapolate cash flows;
- Capital expenditure;
- Discount rate;
- Growth rate; and
- Terminal value of property, plant and equipment.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of property, plant and equipment and right of use assets (continued)

Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that reasonably possible changes in the weighted average cost of capital would cause a material change to the recoverable amount. An increase in weighted average cost of capital by 18.65% (1865 basis point) [31 December 2024: 13.21% (1321 basis point)] (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

Similarly, an increase in alumina index price to LME by 14.30% (31 December 2024: 12%) throughout the forecast period (with all other variables remain unchanged) and a reduction in LME price by USD 909/MT (31 December 2024: USD 698/MT) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

The recoverable amount of CGU is greater than its net carrying value even with the assumption of premium considered zero (31 December 2024: zero) (with all other variables remain unchanged) throughout the forecast period. The sensitivity to changes in assumptions will not impact the net carrying value of CGU for the year ended 31 December 2025.

Allowance for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer types).

The provision matrix is initially based on the Group's historical observed loss rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. Gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical loss rates are adjusted. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual loss in the future.

At 31 December 2025, gross trade and other receivables were BD 274,511 thousand (2024: BD 275,965 thousand), and the allowance for impairment was BD 9,708 thousand (2024: BD 11,142 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories of spares become old or obsolete or if their selling prices have declined, an estimate is made of their net realisable values. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated realisable value.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of inventories (continued)

At 31 December 2025, gross inventories were BD 393,053 thousand (2024: BD 411,176 thousand) with provisions for slow moving spares of BD 11,427 thousand (2024: BD 5,913 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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.




Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

4 PROPERTY, PLANT AND EQUIPMENT

	<i>Land and buildings</i> BD '000	<i>Power generating plant</i> BD '000	<i>Plant, machinery and other equipment</i> BD '000	<i>Assets in process of completion</i> BD '000	<i>Total</i> BD '000
Cost:					
At 1 January 2025	701,710	807,527	2,136,525	180,802	3,826,564
Additions	7,276	4,294	27,138	71,805	110,513
Transfers	11,929	39,054	135,740	(186,723)	-
Written offs	(81)	(13,587)	(12,839)	(1,107)	(27,614)
Disposals	(118)	(22,931)	(11,201)	-	(34,250)
At 31 December 2025	720,716	814,357	2,275,363	64,777	3,875,213
Depreciation and amortization:					
At 1 January 2025	204,119	428,565	1,328,041	-	1,960,725
Charge for the year	18,061	28,465	107,023	-	153,549
Relating to written offs	(29)	(7,971)	(11,040)	-	(19,040)
Relating to disposals	(77)	(22,672)	(9,873)	-	(32,622)
At 31 December 2025	222,074	426,387	1,414,151	-	2,062,612
Net carrying value:					
At 31 December 2025	498,642	387,970	861,212	64,777	1,812,601

	<i>Land and buildings</i> BD '000	<i>Power generating plant</i> BD '000	<i>Plant, machinery and other equipment</i> BD '000	<i>Assets in process of completion</i> BD '000	<i>Total</i> BD '000
Cost:					
At 1 January 2024	697,683	800,123	2,073,208	166,876	3,737,890
Additions	690	399	16,155	90,908	108,152
Transfers	3,359	7,427	64,351	(75,137)	-
Written offs	-	-	-	(1,845)	(1,845)
Disposals	(22)	(422)	(17,189)	-	(17,633)
At 31 December 2024	701,710	807,527	2,136,525	180,802	3,826,564
Depreciation and amortization:					
At 1 January 2024	187,544	401,678	1,249,637	-	1,838,859
Charge for the year	16,588	27,231	94,050	-	137,869
Relating to disposals	(13)	(344)	(15,646)	-	(16,003)
At 31 December 2024	204,119	428,565	1,328,041	-	1,960,725
Net carrying value:					
At 31 December 2024	497,591	378,962	808,484	180,802	1,865,839

Land and buildings

Land and buildings include freehold land at a cost of BD 453 thousand as at 31 December 2025 (2024: BD 453 thousand).

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

4 PROPERTY, PLANT AND EQUIPMENT (continued)

Right-of-use assets

As at 31 December 2025, the net carrying value of land and buildings include right-of-use assets of BD 7,176 thousand (2024: BD 3,995 thousand) and depreciation of BD 391 thousand (2024: BD 216 thousand).

As at 31 December 2025, the net carrying value of plant, machinery and other equipment include right-of-use assets of BD 4,583 thousand (2024: BD 2,830 thousand) and depreciation of BD 1,592 thousand (2024: BD 931 thousand).

The Group is using land leased from the Government of Bahrain for the operations of lines 3, 4, 5 which is free of rent. The land used for Line 6 is also leased from the Government of Bahrain for 25 years effective 1 July 2014. The rate is subject to change every five years based on the circular issued by the Government. This lease has been presented as part of a right-of-use asset - property, plant and equipment.

Assets in process of completion

This mainly includes multiple upgradation projects for reduction lines and power operations.

Depreciation and amortisation

The depreciation and amortisation charge has been included in the consolidated statement of profit or loss (note 21) as follows:

	2025	2024
	BD '000	BD '000
Cost of revenue	151,144	135,505
General and administrative expenses	2,368	2,292
Selling and distribution expenses	37	72
	<u>153,549</u>	<u>137,869</u>

5 INVENTORIES

	2025	2024
	BD '000	BD '000
Raw materials	54,127	77,896
Work-in-process	97,735	91,599
Goods in transit	50,665	60,408
Finished goods	151,156	141,334
Spares [net of provision of BD 11,427 thousand (2024: BD 5,913 thousand)]	27,943	34,026
Total inventories at the lower of cost and net realisable value	<u>381,626</u>	<u>405,263</u>



Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

5 INVENTORIES (continued)

Set out below is the movement in the provision for slow moving inventories:

	2025 <i>BD '000</i>	2024 <i>BD '000</i>
At 1 January	5,913	4,752
Charged for the year in cost of revenue	5,514	1,161
At 31 December	<u>11,427</u>	<u>5,913</u>

6 TRADE AND OTHER RECEIVABLES

	2025 <i>BD '000</i>	2024 <i>BD '000</i>
Trade receivables - others [net of allowance for ECL of BD 4,807 thousand (2024: BD 4,995 thousand)]	191,181	205,095
Trade receivables (subject to provisional pricing) - fair value (note 27)	19,935	17,502
Trade receivables - related parties (note 25)	11,385	6,662
	<u>222,501</u>	<u>229,259</u>
Advances to suppliers	1,811	8,854
Prepayments	1,368	1,428
Other receivables [net of allowance for ECL of BD 132 thousand (2024: BD 253 thousand)]	11,157	4,975
Other receivables - related parties [net of allowance for expected credit losses of BD 4,769 thousand (2024: BD 5,894 thousand)] (i)	2,055	2,510
VAT receivable	29,090	28,079
	<u>267,982</u>	<u>275,105</u>
Less: Non-current portion	<u>(3,684)</u>	<u>(4,805)</u>
	<u>264,298</u>	<u>270,300</u>

Set out below are the movements in the allowances for expected credit losses of trade receivables and other receivables:

	<u>Trade receivables</u>		<u>Other receivables</u>	
	2025 <i>BD '000</i>	2024 <i>BD '000</i>	2025 <i>BD '000</i>	2024 <i>BD '000</i>
At 1 January	4,995	4,218	6,147	7,059
Reversal during the year	(188)	-	(1,246)	(346)
Provision during the year	-	777	-	-
Write off against provision	-	-	-	(566)
At 31 December	<u>4,807</u>	<u>4,995</u>	<u>4,901</u>	<u>6,147</u>

During 2022, the Group had transferred the old trade receivable from a related party based on the restructuring plan approved by the Court, to other receivables along with the associated provision.

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

6 TRADE AND OTHER RECEIVABLES (continued)

- (i) As part of restructuring plan, the existing receivable have been restructured to (i) Interest free debt of BD 2,127 thousand, (ii) Interest bearing debt of BD 6,270 thousand and (iii) subordinate debt of BD 3,020 thousand with a semi-annual repayment schedule up to 31 December 2029, commenced from 31 December 2022.

For the interest bearing debt, the interest rate will be calculated based on SOFR plus margin of 2% per annum on the outstanding amount. If the related party fails to pay any amount payable by it as per restructuring plan, the interest will be calculated at a rate of SOFR plus margin of 3% per annum on the overdue instalment for the period starting 1 month from the payment due date until the date of full payment of the overdue instalment.

The Group has a gross amount of other receivable from a related party of BD 6,824 thousand (2024: BD 8,404 thousand) against which the Group is carrying a provision of BD 4,769 thousand (2024: BD 5,894 thousand).

7 BANK BALANCES AND CASH

	2025 BD '000	2024 BD '000
Cash at banks (i):		
- Current accounts	41,252	15,857
- Call accounts (ii)	45,388	48,505
- Short-term deposits (iii)	67,097	49,404
Cash in hand	11	34
Bank balances and cash	153,748	113,800
Less: short-term deposits with original maturity of more than three-months	(8,394)	(7,751)
Cash and cash equivalents	145,354	106,049

- (i) Cash at banks are held with financial institutions in the Kingdom of Bahrain, United States of America, Guernsey, Switzerland and Singapore. These balances are denominated in Bahraini Dinars, US Dollars, Euros, Swiss Franc and Singapore Dollars.
- (ii) The call accounts earn interest and the effective interest rate as of 31 December 2025 is 0.13% to 4.5% (2024: 0.1% to 4.33%).
- (iii) Short-term deposits are placed with commercial banks in the Kingdom of Bahrain and various banks in other countries. The deposits have original maturity from one to twelve months. The deposits are denominated in Bahraini Dinars, US Dollars and Euros and earn interest ranges from 1.7% to 5.4% per annum respectively (2024: 2.3% to 5.6%).

8 SHARE CAPITAL

	2025 BD '000	2024 BD '000
Authorised shares		
2,000,000,000 shares of 100 fils each (2024: 2,000,000,000 shares of 100 fils each)	200,000	200,000
Issued and fully paid		
1,420,000,000 shares of 100 fils each (2024: 1,420,000,000 shares of 100 fils each)	142,000	142,000

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

8 SHARE CAPITAL (continued)

i) The distribution of shareholdings (excluding treasury shares) is as follows:

Categories	2025			2024		
	Number of shares	Number of shareholders	% of total outstanding share capital	Number of shares	Number of shareholders	% of total outstanding share capital
Less than 1%	123,871,776	2,802	8.75%	123,678,190	2,767	8.73%
1% up to less than 5%	14,175,966	1	1.00%	14,175,966	1	1.00%
5% up to less than 20%	-	-	-	-	-	-
20% up to less than 50%	292,804,000	1	20.68%	292,804,000	1	20.68%
50% and above	985,196,000	1	69.57%	985,196,000	1	69.59%
	1,416,047,742	2,805	100.00%	1,415,854,156	2,770	100.00%

- ii) The Company has only one class of equity shares and the holders of these shares have equal voting rights.
- iii) There are no shares owned by the directors of the Company as at 31 December 2025 (2024: nil).
- iv) As at 31 December 2025, Bahrain Mumtalakat Holding Company B.S.C. (c) held 69.38% (31 December 2024: 69.38%) of the total share capital of the Company.
- v) As at 31 December 2025, Saudi Arabian Mining Company (Ma'aden) held 20.62% (31 December 2024: nil) of the total share capital of the Company.

9 TREASURY SHARES

	2025		2024	
	Number of shares	BD '000	Number of shares	BD '000
Treasury shares	3,952,258	3,981	4,145,844	4,939

- i) Included in treasury shares are 697,000 shares (2024: 697,000 shares) that were an excess in the Employees' Stock Incentive Plan [note 15 (c)].
- ii) The Board of Directors authorised the Company to purchase its own shares for a total cost of BD 10,000 thousand (2024: BD 10,000 thousand).

10 STATUTORY RESERVE

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and paid-up share capital. The Company discontinued further transfer of profit to statutory reserve as the reserve equals 50% of the paid-up capital of the Company.

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

10 STATUTORY RESERVE (continued)

The statutory reserve may not be distributed among shareholders, but may be used to guarantee the distribution of profits among shareholders of not more than five percent (5%) of the paid-up capital in the years when the company's profits do not allow payment of profits of this percentage.

11 CAPITAL RESERVE

This reserve was created from the surplus on disposal of property, plant and equipment in prior years. This reserve is distributable subject to the approval of the shareholders.

12 DIVIDEND

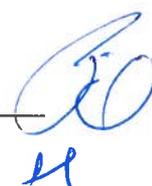
At the Annual General Meeting held on 12 March 2025, the Company's shareholders approved the final dividend of BD 0.02658 per share, excluding treasury shares, totaling to BD 37,633,403 for the year ended 31 December 2024. Based on the outstanding shares at the 'Record date' of 20 March 2025, a total of BD 37,629,258 has been fully paid as of 31 December 2025 to Bahrain Clear B.S.C. (c) (31 December 2024: final dividend of BD 0.01590 per share, excluding treasury shares, totaling to BD 22,516,433 for the year ended 31 December 2023 approved and paid during the year).

The Board of Directors of Aluminium Bahrain B.S.C. at the meeting held on 5 August 2025 approved to pay an interim dividend of BD 0.01055 per share excluding treasury shares totaling BD 14,932,765. Based on the outstanding shares at the 'Record Date' of 13 August 2025, a total of BD 14,933,224 has been paid as on 31 December 2025. (31 December 2024: Interim dividend of BD 0.01859 per share excluding treasury shares totaling to BD 26,315,135 approved and paid).

The Board of Directors of Aluminium Bahrain B.S.C at the meeting held on 17 February 2026 recommended a final dividend of BD 0.04351 per share excluding treasury shares amounting to BD 61,612,237. Final dividend payment would be based on outstanding shares at record date. The final dividend is subject to the approval of the Company's shareholders at the Annual General Meeting to be held on 12 March 2026.

13 LOANS AND BORROWINGS

	2025	2024
	<i>BD '000</i>	<i>BD '000</i>
<i>Unsecured loans and borrowings</i>		
Line 6 Refinancing Term Loan Facility (i)	257,750	288,238
Line 6 USD SERV Loan (ii)	52,963	62,615
Line 6 EDC Covered Facility (iii)	15,193	20,257
Sinosure USD ECA Facility (iv)	28,606	31,207
Working capital revolving credit (v)	28,200	146,178
Total loans and borrowings	382,712	548,495
Less: unamortized transaction costs	(11,733)	(13,492)
Less: deferred cost of IRS	(5,163)	(6,354)
Net loans and borrowings	365,816	528,649



At 31 December 2025

13 LOANS AND BORROWINGS (continued)

	2025 BD '000	2024 BD '000
Current	74,754	189,209
Non-current	291,062	339,440
	365,816	528,649

- (i) *Line 6 Refinancing Term Loan Facility*
On 26 April 2022, the Group entered into a term loan agreement with a syndicate of financial institutions for USD 1,247.48 million comprising two tranches; USD 537.475 million as a conventional credit facility and USD 710 million as an Islamic Ijara facility. Gulf International Bank B.S.C. is the global facility agent and investment agent for this facility. This loan was utilized to repay all amounts borrowed by the Group under the old term loan facility. The loan is repayable in sixteen semi-annual instalments started from October 2022. The loan carries interest at SOFR plus 1.47% (2024: SOFR plus 2.20%).
- (ii) *Line 6 USD SERV Loan*
On 25 April 2017, the Group entered into an Export Credit Financing (SERV-covered facilities) with a syndicate of financial institutions for USD 310 million. Commerzbank Finance & Covered Bond S.A. are the agents for this facility. This loan was obtained to finance capital expenditure requirements for Line 6 Expansion Project. The loan is repayable in twenty-four semi-annual instalments started from December 2019. The loan carries interest at SOFR plus 1.13% (2024: SOFR plus 1.13%).
- (iii) *Line 6 EDC Covered Facility*
On 17 October 2018, the Group entered into an Export Credit Financing with Citibank N.A., Canadian branch for USD 136 million. Citibank N.A. is the agent for this facility. This loan was obtained to finance capital expenditure requirements for Line 6 Expansion Project. The loan is repayable in twenty semi-annual instalments started from October 2019. EDC Covered Facility carries interest at SOFR plus 0.88% (2024: SOFR plus 0.88%).
- (iv) *Sinosure USD ECA Facility*
On 10 August 2022, the Group entered into an Export Credit Financing agreement amounting to USD 225 million. BNP PARIBAS S.A. is the agent for this facility and the lenders are BNP Paribas S.A., HSBC Bank Middle East Limited and Citibank, N.A.. This loan was obtained to finance capital expenditure requirements for Power Station 5 block 4 Project. The loan is repayable in twenty four semi-annual instalments started from June 2025. Sinosure Covered Facility carries interest at SOFR plus 1.35% (2024: SOFR plus 1.35%).
- (v) *Working capital revolving credit*
The working capital revolving credit facilities are subject to periodic renewal and repricing. The working capital revolving facilities allow the Group to issue promissory notes for up to 12 month terms. It is the Group's policy to maintain the current level of borrowings under these facilities by issuing new promissory notes in place of maturing notes. Working capital revolving credit carries interest at 0.55% plus SOFR (2024: 0.6% to 0.7% plus SOFR).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

14 LEASES

The Group as a lessee

The Group leases industrial land, vehicles and apartments. The leases typically run for a period ranging from 5 years to 25 years, with an option to renew the lease after that date except for vehicles, where there are no renewable options. Lease payments are renegotiated every 5 years for industrial land to reflect market rentals whereas lease rentals for apartments and vehicles are fixed with no escalation clauses. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment. Set out below are the movements in right-of-use assets during the year:

	<i>Land and buildings BD '000</i>	<i>Plant, machinery and other equipment BD '000</i>	<i>Total BD '000</i>
2025			
As at 1 January	3,995	2,830	6,825
Additions	3,572	3,345	6,917
Depreciation charge for the year	(391)	(1,592)	(1,983)
As at 31 December	7,176	4,583	11,759
	<i>Land and buildings BD '000</i>	<i>Plant, machinery and other equipment BD '000</i>	<i>Total BD '000</i>
2024			
As at 1 January	4,211	3,528	7,739
Additions	-	233	233
Depreciation charge for the year	(216)	(931)	(1,147)
As at 31 December	3,995	2,830	6,825

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2025 BD '000	2024 BD '000
As at 1 January	7,814	8,511
Additions	6,917	233
Payments (note 26)	(2,095)	(1,267)
Accretion of interest	666	337
As at 31 December	13,302	7,814

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

14 LEASES (continued)

Lease liabilities (continued)

The Group had total cash outflows for leases of BD 2,095 thousand in 2025 (2024: BD 1,267 thousand). The Group also had non-cash additions to right-of-use assets and lease liabilities of BD 6,913 thousand (2024: BD 233 thousand).

	2025 BD '000	2024 BD '000
Non-current portion	11,171	6,796
Current portion	2,131	1,018
	<u>13,302</u>	<u>7,814</u>

Effective interest on lease liabilities ranges from 2.75% to 6.00% (2024: 2.75% to 6.00%).

The following are the amounts recognised in the consolidated statement of profit or loss:

	2025 BD '000	2024 BD '000
Interest expense	666	337
Depreciation	1,983	1,147
Short-term leases	820	810
	<u>3,469</u>	<u>2,294</u>

15 EMPLOYEE BENEFITS

(a) Defined benefit scheme - leaving indemnity

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2025 BD '000	2024 BD '000
Provision as at 1 January	1,113	1,643
Provided during the year (note 21.2)	1,589	1,815
Employees' end of service benefits paid to employees	(711)	(1,867)
Contribution paid to SIO	(647)	(478)
Provision as at 31 December	<u>1,344</u>	<u>1,113</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

15 EMPLOYEE BENEFITS (continued)**(b) Defined contribution schemes**

The movements in liabilities recognised in the consolidated statement of financial position are as follows:

	<i>Alba Savings Benefit Scheme</i>		<i>Social Insurance Organisation</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Provision as at 1 January	7,581	4,438	713	513
Expense recognised in the consolidated statement of profit and loss (note 21.2)	6,262	6,057	11,018	10,065
Contributions paid	(9,214)	(2,914)	(11,062)	(9,865)
Provision as at 31 December (note 16)	4,629	7,581	669	713

(c) Employees' Stock Incentive Plan

In accordance with an Employees' Stock Incentive Plan approved by the Board of Directors, the Group purchased 3,000,000 of its shares to be allocated to all of its employees on the Group's payroll as of 1 December 2010. The Group allocated 1,000 shares each to its 2,714 employees as of 1 December 2010 and these shares vested after a period of three years. In 2015, the shares allocated to the employees had been fully vested and the excess of 697,000 shares is held as Treasury Shares as of 31 December 2025 (2024: 697,000 shares).

16 TRADE AND OTHER PAYABLES

	<i>2025</i>	<i>2024</i>
	<i>BD '000</i>	<i>BD '000</i>
Trade payables - related parties (note 25)	20,333	21,540
Trade payables - others	62,451	106,694
	82,784	128,234
Employee related accruals (i)	33,196	33,068
Accrued expenses	34,933	40,283
Alba Savings Benefit Scheme [note 15 (b)]	4,629	7,581
Social Insurance Organisation [note 15 (b)]	669	713
Advances from customers	627	1,956
	156,838	211,835

i) Employee related accruals include accruals for wages and salaries, bonus, sick leave and annual leave.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	2025 BD '000	2024 BD '000
<i>Classified in the consolidated statement of financial position as follows:</i>		
- Positive fair values - assets arising from IRS		
Non-current portion	4,662	8,897
Current portion (a)	2,594	3,885
	<u>7,256</u>	<u>12,782</u>
- Positive fair values - asset arising from commodity derivatives- current portion (b)	-	487
	<u>-</u>	<u>487</u>
- Positive fair values - asset arising from IRS and commodity derivatives - current portion (a+b)	2,594	4,372
	<u>2,594</u>	<u>4,372</u>
- Negative fair values - liability arising from commodity derivatives- current portion	(383)	-
	<u>(383)</u>	<u>-</u>
<i>Recognised in consolidated statements of profit or loss and other comprehensive income:</i>		
<i>Changes in fair value of derivative financial instruments related to:</i>		
- Commodity derivatives (FVTPL) recognised in consolidated statement of profit or loss (iii)	(870)	1,595
	<u>(870)</u>	<u>1,595</u>
- Interest rate swap cashflow hedge (i)	(1,338)	4,983
	<u>(1,338)</u>	<u>4,983</u>
- Realised gain on settlement of IRS (ii)	4,188	6,102
	<u>4,188</u>	<u>6,102</u>

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 and forward swaps to meet customer pricing requirement.

(i) This represent the difference between the Mark-to-Market (MTM) value of IRS as at 31 December 2025 and 31 December 2024.

(ii) Interest rate swaps

On 22 February 2023, the Group entered into new amortising 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. 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 consolidated statement of comprehensive income as other comprehensive income (loss).

At 31 December 2025

17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**(ii) Interest rate swaps (continued)**

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the variable rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 2:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- i) Different interest rate curve applied to discount the hedged item and hedging instrument.
- ii) Differences in timing of cash flows of the hedged item and hedging instrument.
- iii) The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

The amortised notional amount outstanding as at 31 December 2025 was BD 128,875 thousand (31 December 2024: BD 144,119 thousand) over the term of the contract.

During the year ended 31 December 2025, certain interest rate swap contract designated as cash flow hedging instrument related to term loan facility has been settled and related realised cumulative fair value gain of BD 4,188 thousand (2024: BD 6,102 thousand) was reclassified to 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 consolidated statement of profit or loss as a reclassification adjustment upon settlement of IRS.

The table below summarises the maturities of the Group's interest rate swap contract at 31 December, based on notional amount:

	<i>Less than 6 months BD '000</i>	<i>6 to 12 months BD '000</i>	<i>1 to 5 years BD '000</i>	<i>Over 5 years BD '000</i>	<i>Total BD '000</i>
2025					
<i>Notional amount</i>	8,208	8,208	112,459	-	128,875
	<i>Less than 6 months BD '000</i>	<i>6 to 12 months BD '000</i>	<i>1 to 5 years BD '000</i>	<i>Over 5 years BD '000</i>	<i>Total BD '000</i>
2024					
<i>Notional amount</i>	7,622	7,622	86,660	42,215	144,119

(iii) Commodity derivatives

These derivatives are entered into to reduce the price risk on behalf of its customers and strategic hedge. 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 consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

17 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**(iii) Commodity derivatives (continued)**

During the year ended 31 December 2025, the Group entered into commodity futures and forward swap contracts to reduce the price risk on behalf of its customers for 132,500 metric tonnes (2024: 78,509 metric tonnes). Outstanding contracts of 12,900 metric tonnes (31 December 2024: 9,775 metric tonnes) mature between one to six months from the year ended 31 December 2025.

During the year ended 31 December 2025, the Group entered into derivative transactions as a strategic hedge (for a very small percentage of production) against LME price movements for a total volume of 58,000 metric tonnes (2024: 53,500 metric tonnes). Outstanding contracts as of 31 December 2025 were 53,500 metric tonnes (31 December 2024: 45,500 metric tonnes) and these mature within twelve months from the period ended 31 December 2025.

18 TAXATION

Taxation pertains to the Group's subsidiary in the United States of America and the normalised tax rate was 22.49% as of 31 December 2025 (2024: 22.73%). The actual provision for income taxes differs from the amounts computed by applying statutory income taxes primarily due to state income taxes and non-deductible items.

	2025	2024
	BD '000	BD '000
Income tax (payable) / receivable	(619)	994
<i>Recognised in consolidated statement of profit or loss</i>		
Current year expense	2,377	405
Deferred tax expense	19	14
	2,396	419

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of taxes and liabilities for financial reporting purposes and the amounts used for income tax purposes.

	2025	2024
	BD '000	BD '000
Deferred tax asset	62	231
Deferred tax liability	(5)	(155)
Deferred tax asset - net	57	76
<i>Reconciliation of deferred tax asset - net:</i>		
As of 1 January	76	90
Tax expense during the year	(19)	(14)
As at 31 December	57	76

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

18 TAXATION (continued)

	2025 <i>BD '000</i>	2024 <i>BD '000</i>
The deferred tax asset comprises the following temporary differences:		
Deductible temporary differences	276	1,016
Taxable temporary differences	(22)	(682)
	<u>254</u>	<u>334</u>

19 OPERATING 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 disclosure of profit or loss, assets and liabilities are provided as this disclosure will be identical to the consolidated statement of financial position and consolidated statement of profit or loss of the Group.

Disaggregated revenue information

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

a) Type of goods

	2025 <i>BD '000</i>	2024 <i>BD '000</i>
Billet	679,686	551,969
Slab	241,073	180,193
Foundry	436,619	453,278
Liquid	338,665	288,771
Ingots	81,495	131,983
Alumina trading	-	8,862
	<u>1,777,538</u>	<u>1,615,056</u>
Pricing adjustments*	1,234	6,672
Revenue from contracts with customers	<u>1,778,772</u>	<u>1,621,728</u>

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

b) Geographical markets

An analysis of the revenue from contracts with customers by geographic location of customers is as follows:

	2025 <i>BD '000</i>	2024 <i>BD '000</i>
Kingdom of Bahrain	487,852	411,269
Europe	475,642	458,603
Rest of the Middle East and North Africa	297,425	260,763
Asia	197,989	246,216
Americas	319,864	244,877
	<u>1,778,772</u>	<u>1,621,728</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

19 OPERATING SEGMENT INFORMATION (continued)**(c) Customers**

Revenue from sale of aluminium to the three major customer of the Group amounted to BD 426,652 thousand with one customer accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2025 (three major customers of the Group amounted to BD 379,006 thousand with one customer accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2024).

20 OTHER INCOME - net

	2025	2024
	BD '000	BD '000
Sale of water	1,114	1,251
Interest income	7,137	3,186
Miscellaneous income	3,264	3,300
	<u>11,515</u>	<u>7,737</u>

21 EXPENSES BY NATURE

		2025	2024
		BD '000	BD '000
Changes in inventories of finished goods and work in progress		(10,941)	1,276
Inventories recognised as an expense in cost of revenue		1,104,297	972,717
Depreciation and amortisation	4	153,549	137,869
Staff costs	21.2	123,799	123,555
Spares and consumables		51,726	49,462
Contracted repairs		35,154	35,498
(Reversal of allowance) / allowance			
for expected credit losses on trade and other receivables	6	(1,434)	431
Insurance		13,826	15,995
Freight		47,169	55,123
Loss on disposals of property, plant and equipment		883	1,594
Property, plant and equipment written offs		8,574	1,845
Other expenses		18,453	16,891
Total cost of revenue, general and administrative expenses and selling and distribution expenses	21.1	<u>1,545,055</u>	<u>1,412,256</u>

	2025	2024
	BD '000	BD '000
21.1 Break-down of expenses is as follows:		
Cost of revenue	1,444,189	1,308,695
General and administrative expenses	50,677	41,940
Selling and distribution expenses	50,189	61,621
	<u>1,545,055</u>	<u>1,412,256</u>

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

21 EXPENSES BY NATURE (continued)

	2025 BD '000	2024 BD '000
21.2 Break-down of staff costs is as follows:		
Wages and salaries	92,247	92,793
Social Insurance Organisation [note 15(b)]	11,018	10,065
Alba Savings Benefit Scheme [note 15(b)]	6,262	6,057
Payments to contractors	8,872	9,318
Employees' end of service benefits [note 15(a)]	1,589	1,815
Indirect benefits (housing, education)	1,835	1,799
Others	1,976	1,708
	<u>123,799</u>	<u>123,555</u>

The staff costs have been allocated in the consolidated statement of profit or loss as follows:

	2025 BD '000	2024 BD '000
Cost of revenue	101,883	101,877
General and administrative expenses	18,979	18,406
Selling and distribution expenses	2,937	3,272
	<u>123,799</u>	<u>123,555</u>

22 FINANCE COSTS

	2025 BD '000	2024 BD '000
Interest on loans and borrowings	32,753	37,413
Interest on lease liabilities	666	337
Bank charges	741	237
	<u>34,160</u>	<u>37,987</u>

23 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares and is as follows:

	2025	2024
Profit for the year - BD '000	<u>218,687</u>	<u>184,542</u>
Weighted average number of shares, net of treasury shares - thousands of shares	<u>1,415,499</u>	<u>1,415,941</u>
Basic and diluted earnings per share (fils)	<u>154</u>	<u>130</u>

23 EARNINGS PER SHARE (continued)

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 these consolidated financial statements.

24 COMMITMENTS AND CONTINGENCIES

a) Commitments

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 59,696 thousand (2024: BD 74,828 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

Letters of credit

At 31 December 2025, the Group has no outstanding letters of credit to counterparties (2024: BD 4,077 thousand).

b) Contingencies

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 Benefit Scheme. The total value of these letters of guarantee is BD 11,966 thousand (2024: BD 13,415 thousand).

At 31 December 2025, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 20,423 thousand (2024: BD 25,566 thousand) from which it is anticipated that no material liabilities will arise.

25 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and 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 various services from Government and semi-government organisations 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 consolidated statement of profit or loss are as follows:

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with related parties

	2025 BD '000	2024 BD '000
Other related parties		
<i>Revenue and other income</i>		
Sale of aluminium	175,841	104,263
Sale of water	979	1,166
Interest income	386	454
Realised gain on settlement of cash flow hedge	4,188	6,102
	<u>181,394</u>	<u>111,985</u>
	2025 BD '000	2024 BD '000
Other related parties		
<i>Cost of revenue and expenses</i>		
Purchases of natural gas and diesel	250,487	263,062
Purchases of raw material and aluminium scrap	7	1,025
Net power exchange import	4,610	3,730
Interest on loans and borrowings	978	2,624
Interest on lease liabilities	191	-
Purchase of raw materials	1,233	1,927
Amortisation of deferred cost on IRS	1,191	1,191
Others	1,194	350
	<u>259,891</u>	<u>273,909</u>

Balances with related parties

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

	2025 BD '000	2024 BD '000
Other related parties		
Assets		
Trade receivables (note 6)	11,385	6,662
Other receivables - related parties [net of allowance for expected credit losses of BD 4,769 thousand (2024: BD 5,894 thousand)]	2,055	2,510
Bank balances	29,027	1,346
Property, plant and equipment	350	-
Derivative financial instruments - Interest rate swap (note 17)	7,256	12,782
	<u>50,073</u>	<u>23,300</u>
	2025 BD '000	2024 BD '000
Liabilities		
Trade payables (note 16)	20,333	21,540
Lease liabilities	3,453	-
Loans and Borrowings	-	31,193
Interest payable on loans and borrowings	-	379
	<u>23,786</u>	<u>53,112</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

25 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Except for other receivables from a related party balance as disclosed in note 6, all outstanding balances at year-end arise in the normal course of business are interest free, unsecured and payable on demand. During the year ended 31 December 2025, the Group has recorded a reversal of provision against amounts due from a related party of BD 1,125 thousand (2024: BD 346 thousand).

Compensation of key management personnel

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

	2025	2024
	BD '000	BD '000
Short term benefits	1,856	1,752
End of service benefits	120	95
Contributions to Alba Savings Benefit Scheme	110	103
SIO Contribution (ALBA share)	48	42
	2,134	1,992

Director compensation during the year included Directors' remuneration of BD 420 thousand (2024: BD 420 thousand), attendance fees of BD 118 thousand (2024: BD 161 thousand), sitting fees of BD 72 thousand (2024: BD 72 thousand) and other reimbursement of BD 15 thousand (2024: BD 34 thousand).

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivative financial instruments, comprise loans and borrowings and certain portion of trade and other payables. The Group is exposed to credit risk, liquidity risk and market risk from its financial instruments. The Group is also exposed to commodity price risk. The Group's financial assets include certain portion of trade and other receivables, cash and cash equivalents that arise directly from its operations. The Group also holds balances with related parties and derivative financial instruments.

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's executive management oversees the management of these risks. The Group's executive management is supported by a risk management team that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management team provides assurance to the Group's executive management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite.

The Group's Board Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Audit and Risk Management Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Management Committee.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including from its trade receivables, deposits with banks and other financial institutions, and derivative financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying amount of financial assets and is as follows:

	2025 BD '000	2024 BD '000
Cash at bank (note 7)	153,737	113,766
Trade receivables (note 6)	222,501	229,259
Other receivables (note 6)	13,212	7,485
	<u>389,450</u>	<u>350,510</u>

Bank balances and financial instruments

Credit risk from bank balances and derivative contracts is managed by the Group's treasury department in accordance with the Group's policy. The Group limits credit risk from bank balances and derivatives contracts by only dealing with reputable banks and brokers. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Trade and other receivables

The Group manages credit risk with respect to receivables from customers by receiving payments in advance from customers, obtaining letters of credit and other forms of credit insurance, by monitoring the exposure to customers on an ongoing basis. For trade receivables (other than those from related parties), an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on outstanding receivables balances net of advances. The credit risk on receivables from related parties is considered to be low by the Group based on historical trends as previously there have been no or minimal write-offs.

		Past due			
		Less than 30 days	31 to 360 days	Over 360 days	
31 December 2025	Current				Total
Expected credit loss rate (%)	0.26%	1.82%	37.43%	100.00%	
Carrying amount of trade receivable at default (BD'000)	202,565	15,454	764	3,718	222,501
Expected credit losses (BD'000)	522	281	286	3,718	4,807

		Past due			
		Less than 30 days	31 to 360 days	Over 360 days	
31 December 2024	Current				Total
Expected credit loss rate (%)	0.11%	0.98%	15.72%	100.00%	
Carrying amount of trade receivable at default (BD'000)	190,136	31,953	3,193	3,977	229,259
Expected credit losses (BD'000)	202	314	502	3,977	4,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)***Trade and other receivables (continued)*

All exports are backed by letter of credits, insurance or cash against documents, which constitute 99% of the trade receivables balance (excluding related parties). The Group has been transacting with most of its export customers for a long period of time.

Derivative contracts are entered into with approved counterparties and the Group is not subject to significant credit risk on these contracts. Also since derivative assets and trade receivables with provisional pricing arrangements are classified as assets measured fair value through profit or loss, no separate ECL is required to be recognized for such contracts.

Credit risk concentration

The maximum credit risk exposure at the reporting date is equal to the carrying value of the financial assets shown in the consolidated statement of financial position, which are net of provisions for impairment.

The Group sells its products to a large number of customers. Its five largest customers, account for 31% of the outstanding trade receivables at 31 December 2025 (2024: 28%).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group limits its liquidity risk by ensuring bank facilities are available. The Group's terms of sale require amounts to be paid within 30 to 180 days of the date of sale. Trade payables are non-interest bearing and are normally settled within 45 days terms.

The table below summarises the maturities of the Group's financial liabilities at 31 December, based on undiscounted contractual payment dates.

	<i>Less than 3 months BD '000</i>	<i>3 to 12 months BD '000</i>	<i>1 to 5 years BD '000</i>	<i>Over 5 years BD '000</i>	<i>Total BD '000</i>
31 December 2025					
Loans and borrowings (including interest payable)	28,307	74,569	323,178	22,440	448,494
Derivative financial instruments	383	-	-	-	383
Trade and other payables	156,211	-	-	-	156,211
Lease liabilities	928	1,778	6,693	7,833	17,232
Total	185,829	76,347	329,871	30,273	622,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk (continued)**

	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<i>31 December 2024</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Loans and borrowings (including interest payable)	127,599	90,562	301,070	125,281	644,512
Trade and other payables	209,879	-	-	-	209,879
Lease liabilities	299	961	3,638	4,510	9,408
Total	337,777	91,523	304,708	129,791	863,799

Changes in liabilities arising from financing activities

	<i>As at 1 January 2025</i>	<i>Cash flows</i>			<i>As at 31 December 2025</i>
	<i>BD '000</i>	<i>Receipts BD '000</i>	<i>Payments BD '000</i>	<i>Others BD '000</i>	<i>BD '000</i>
Loans and borrowings	528,649	940,651	(1,106,434)	2,950	365,816
Lease liabilities	7,814	-	(2,095)	7,583	13,302
Derivative financial instruments	-	-	-	383	383
	536,463	940,651	(1,108,529)	10,916	379,501

	<i>As at 1 January 2024</i>	<i>Cash flows</i>			<i>As at 31 December 2024</i>
	<i>BD '000</i>	<i>Receipts BD '000</i>	<i>Payments BD '000</i>	<i>Others BD '000</i>	<i>BD '000</i>
Loans and borrowings	585,838	1,297,403	(1,360,580)	5,988	528,649
Lease liabilities	8,511	-	(1,267)	570	7,814
Derivative financial instruments	1,108	-	-	(1,108)	-
	595,457	1,297,403	(1,361,847)	5,450	536,463

Others include the effect of foreign exchange movement, transactional and related costs on loans and borrowings and impact on new leases during the year.

Capital management

Capital includes share capital, treasury shares, statutory reserve, capital reserve, cash flow hedge reserve and retained earnings.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.



26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital management (continued)**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total debt (i.e. loans and borrowings and trade and other payables) less net cash and cash equivalents. Equity comprises all components of equity (i.e. share capital, treasury shares, statutory reserve, capital reserve, cash flow hedge reserve and retained earnings).

	2025	2024
	BD '000	BD '000
Loans and borrowings	365,816	528,649
Trade and other payables	156,838	211,835
Less: cash and cash equivalents	(153,748)	(113,800)
Net debt	368,906	626,684
Total equity	2,084,637	1,923,941
Debt-to-equity ratio	18%	33%

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, commodity price risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, current and fixed deposits and derivative financial instruments.

The Group uses derivatives to manage interest rate market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (receivable balance, call accounts and loans and borrowings). The Group uses interest rate swap transaction for floating rate borrowing as hedge of the variability in cash flows attributable to movements in interest rates.

At 31 December 2025

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Interest rate risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2025		2024	
	<i>100 basis point increase</i>	<i>100 basis point decrease</i>	<i>100 basis point increase</i>	<i>100 basis point decrease</i>
Variable-rate instrument (BD '000)	(1,374)	1,374	(3,012)	3,012

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Commodity price risk

Commodity price risk is the risk that future profitability is affected by changes in commodity prices. The Group is exposed to commodity price risk, as the selling prices for aluminium are generally based on aluminium prices quoted on the London Metal Exchange (LME). The Group hedges its selling price using commodity contracts, on behalf of customers, if agreed.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in the LME price on derivatives outstanding as of 31 December, with all other variables held constant.

	<i>Change in LME price</i>	<i>Effect on results for the year BD '000</i>
2025	+30%	(115)
	-30%	115
2024	+30%	(146)
	-30%	146

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency).

The Group's financial instruments are mainly denominated in Bahraini Dinars, US Dollars, Euros, Swiss Franc, Japanese Yen, Canadian Dollar and Great Britain Pounds. The Group sometimes uses forward foreign exchange contracts to hedge against foreign currency payables. As of 31 December 2025 and 31 December 2024, there were no outstanding forward foreign exchange contracts.

As the Bahraini Dinar is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2025

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The table below indicates the Group's unhedged foreign currency exposures at 31 December 2025 and 31 December 2024, as a result of its monetary assets and liabilities. As of 31 December, the following financial instruments are denominated in currencies other than Bahraini Dinars and US Dollars, which were unhedged:

<i>Financial instruments</i>	<i>Currency</i>	2025	2024
		<i>BD '000</i>	<i>BD '000</i>
Bank balances	Euro	19,155	45,344
	Swiss Franc	36	82
Receivables	Euro	45,988	39,159
<i>Financial instruments</i>	<i>Currency</i>	2025	2024
		<i>BD '000</i>	<i>BD '000</i>
Payables	Euro	902	1,004
	Great Britain Pounds	96	205
	Japanese Yen	48	304
	Canadian Dollar	-	269

The analysis calculates the effect of a reasonably possible movement of the Bahraini Dinar's currency rate against currencies which are exposed to currency risk, with all other variables held constant, on the consolidated statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

The effect of decreases in currency rate is expected to be equal and opposite to the effect of the increases shown.

<i>Currency</i>	2025		2024	
	<i>Increase in currency rate</i>	<i>Effect on results for the year BD '000</i>	<i>Increase in currency rate</i>	<i>Effect on results for the year BD '000</i>
<i>Euro</i>	+10%	6,424	+10%	8,350
<i>Japanese Yen</i>	+10%	(5)	+10%	(30)
<i>Canadian Dollar</i>	+10%	-	+10%	(27)
<i>Swiss Franc</i>	+10%	4	+10%	8
<i>Great Britain Pounds</i>	+10%	(10)	+10%	(21)
		6,413		8,280

At 31 December 2025

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets consist of bank balances and cash and trade and other receivables. Financial liabilities consist of loans and borrowings, lease liabilities and trade and other payables. Derivative financial instruments consist of interest rate swaps and futures.

Set out below is an overview of financial instruments held by the Group as at 31 December 2025:

	<i>Financial assets at amortised cost</i>		<i>Financial assets at fair value through profit or loss</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Financial assets				
Cash at bank	153,737	113,766	-	-
Trade and other receivables	244,868	247,321	19,935	17,502
Derivative financial instruments	-	-	7,256	13,269
	398,605	361,087	27,191	30,771
	<i>Financial liabilities at amortised cost</i>		<i>Financial liabilities at fair value through profit or loss</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Financial liabilities				
Loans and borrowings	382,712	548,495	-	-
Trade and other payables	156,211	209,879	-	-
Derivative financial instruments	-	-	383	-
	538,923	758,374	383	-

The management assessed that bank balances and cash and short-term deposits, trade receivables, other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2025, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values, except for the trade receivable (subject to provisional pricing).

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

- The Group's derivative financial instruments are measured at fair value using Level 2 inputs. The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps and commodity option, future and forward swap contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rates, interest rate curves and forward rate curves of the underlying commodity. All derivative contracts are fully collateralised by trading or credit lines, thereby eliminating both counterparty and the Group's own non-performance risk.

Fair value hierarchy

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 liabilities;

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 December 2025 and 31 December 2024, the Group's derivative financial instruments and trade receivables (subject to provisional pricing) that were measured at fair value were Level 2 as per the hierarchy. The Group does not have financial instruments qualifying for Level 1 or Level 3 classification.

During the years ended 31 December 2025 and 31 December 2024, 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 (2024: same).

The fair values of other financial instruments are not materially different from their carrying values as of the reporting date.

28 ALBA SAVINGS BENEFIT SCHEME

The Group operates a compulsory savings benefit scheme for its Bahraini employees ('the Scheme').

The Scheme's assets, which are not incorporated in these consolidated financial statements, consist principally of deposits with banks, equity shares and bonds.

The Scheme is managed by a committee of employees called the Board of Representatives (the 'BoR') representing the Group and the employees. The BoR manages the risks relating to the Scheme's assets by approving the entities in which the Scheme can invest and by setting limits for investment in individual entities.

29 DOMESTIC MINIMUM TOP-UP TAX

The Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") established by the Organization for Economic Cooperation and Development ("OECD") apply to multinational enterprise ("MNE") groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

29 DOMESTIC MINIMUM TOP-UP TAX (continued)

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities within the Group for fiscal years beginning on or after 1 January 2025.

The Company is domiciled and operates in the Kingdom of Bahrain and has assessed that it falls under the scope of the Bahrain DMTT law effective 1 January 2025. Under similar regulations enacted in other countries (based on GloBE rules), the Group's subsidiaries may also be subject to a top-up tax in 2025 in relation to its operations in United States and Guernsey. Based on the Group's assessment of applicability of the Bahrain DMTT law and GloBE rules, while it is within the scope of the DMTT law and GloBE rules, the tax liability for the fiscal year 2025 is expected to be nil, as the Group expects to meet the following conditions for a temporary relief - Exclusion for Initial Phase of International Activity:

- The Group shall be present in less than 6 jurisdictions.
- The net book value of tangible assets (outside of Bahrain) shall not exceed EUR 50 million.
- The Company ownership shall not be held in any jurisdiction applying OECD Income Inclusion Rule.