

Ordinary General Meeting & Extraordinary General Meeting of the Shareholders of Aluminium Bahrain B.S.C. (Alba)



Sunday 26 February 2023 - 01:00 PM
Al Dana Hall
Kingdom of Bahrain



The Agenda of the Annual General Meeting

1. Review and approve the Minutes of the Previous Ordinary General Meeting held on 10 March 2022.
2. Discuss and approve the Report of the Board of Directors for the Company's business/activities for the year ended 31 December 2022.
3. Listen to the External Auditors' Report for the Financial Statements for the year ended 31 December 2022.
4. Discuss and approve the Financial Statements for the year ended 31 December 2022.
5. The approval of the Board's recommendation to allocate the Net Profit for the year ended 31 December 2022 as follows:
 - a. The distribution of cash dividends to shareholders at Fils 117.58 per share or 117.58% of the paid-up capital (inclusive of the interim dividends of Fils 31.88 per share which was already distributed to the shareholders by 01 September 2022), which is BD166,428,697 for the year ended 31 December 2022.

Below are the key dates to be taken note of:

Event	Date
Annual General Meeting	26 February 2023
Cum-Dividend Date (Last day of trading with entitlement to dividends)	02 March 2023
Ex-Dividend Date (First day of trading without entitlement to dividends)	05 March 2023
Record Date (The Day on which all shareholders whose names are on the share register will be entitled to dividends)	06 March 2023
Payment Date (The Day on which the dividends will be paid to the entitled shareholders subject to CBB approvals)	20 March 2023

- b. Transfer of BD249,745,000 to the Retained Earnings.
6. Approve the recommendation of the Board of Directors' total remuneration of BD412,000 for the year ended 31 December 2022 and subject to the approval of the Ministry of Industry and Commerce.
7. Discuss the Corporate Governance Report for 2022 and comply with the requirements of the Central Bank of Bahrain and the Ministry of Industry and Commerce in accordance with the sample prepared by the Ministry of Industry and Commerce – Annex No. 5 of the Corporate Governance Code.
8. Notify and approve the transactions carried-out during the financial year ended 31 December 2022 with any of the related parties as described in note # 27 of the financial statements in line with Article 189 of the Commercial Companies Law (If any).
9. Absolve the Board of Directors from their actions/activities for the year ended 31 December 2022.
10. Appointment or Re-appointment of the External Auditors for the fiscal year 2023 and authorize the Board of Directors to specify their remuneration.
11. Election and/or Appointment of the members of the Board of Directors for the next term of three years (2023-2026).
12. Any concerns that may arise in accordance with Article 207 of the Companies' Commercial Law.



1 Review and approve the Minutes of the Previous Ordinary General Meeting held on Thursday 10 March 2022



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**MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF THE SHAREHOLDERS OF
ALUMINIUM BAHRAIN B.S.C. ("ALBA") HELD ON THURSDAY 10 MARCH 2022 - 03:00 PM
Meeting Held via Zoom**

Given the current circumstances related to Corona Virus (COVID-19), and to safeguard Aluminium Bahrain B.S.C. (Alba) Shareholders, Stakeholders and the Public Safety, the Company held its Annual General Meeting (AGM) through electronic communication means.

With the attendance of the representative from the Ministry of Industry, Commerce and Tourism, Mrs. Nada AlThawadi, and after duly establishing a quorum of 90.09% and 1,279,259,3714 votes, the Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, called the meeting to order at 03:10 PM. Also, in attendance were the following:

The Board Directors of Alba comprising Mr. Yousif A. Taqi, Mrs. Suha Karzoon, Shaikh Isa bin Khalid Al Khalifa, Mrs. Rasha Sabkar, Mr. Tim Murray, Mr. Mutlaq H. Al Morished, Mr. Ahmed Al Duriaan, Mr. Iyad Al Garawi and Mr. Omar Al Amoudi. Alba Executive Management comprising the Chief Executive Officer - Mr. Ali Al Baqali as well as the Executive Management team and Director - Investor Relations and Corporate Secretary - Ms. Eline Hilal were present at the meeting. Representatives of Alba's External Auditors 'KPMG Fakhro', Central Bank of Bahrain and Bahrain Bourse were also present at this meeting.

The Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, chaired the meeting and welcomed all shareholders, proxies, and other attendees to the AGM. The Chairman of the Board spoke briefly on the major highlights that made 2021 a truly Golden Year and extended his heartfelt thanks to the esteemed Government of Bahrain for going above and beyond to protect both - citizens and residents - in the Kingdom of Bahrain during COVID-19 pandemic as well as commended Alba Management efforts to support the Government's guidelines. In addition, the Chairman of the Board highlighted that 2021 marked Alba's Golden Jubilee of operations and stated that he is proud of every achievement made throughout the past five decades – all of which have led the Company to be the largest aluminium smelter in the world outside China. The Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, also expressed his sincere thanks and gratitude to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain, and HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister, for their continuous support towards Alba, and for taking our Kingdom's status higher on various fronts.

The Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, read through the following Agenda Items of the meeting and the Agenda Items were unanimously approved by the Shareholders as follows:

1. The Minutes of the Annual General Meeting of Alba Shareholders held on 11 March 2021 were reviewed and approved.
Mr. Ali Al Tareef, one of Alba's minor investors, wanted to give a speech (when he is not allowed to give one) ahead of proceeding with the AGM agenda to which the Chairman of the Board requested him to strictly stick to the AGM's agenda and proceed with any comment (s) he may have in respect to the Minutes of the previous meeting. This investor then tabled few observations on the previous Minutes as follows:
 - Reasons behind releasing 2 versions of the AGM Minutes: the first version was published on 21 March 2021 while the second one was released on 11 April 2021. The Chairman of the



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Board pointed-out that the approved AGM Minutes have been already included in the AGM pack and emphasised that the Minutes were updated based on comments received which this investor should be aware of.

- Reasons behind relying on the term 'investor' rather than a 'shareholder' in the previous Minutes since Alba is the only listed company which relies on this terminology to which the Chairman of the Board stated the investor has the freedom to interpret the comments as he sees fit. In addition, this investor wanted to know about the rationale behind using 'minor' in the Minutes to which the Chairman of the Board underlined that 'minor investor' is being used to differentiate between minor and major shareholders.
- The same investor objected to the statements used in the Minutes for the Company's responses as in 'statement is incorrect or not correct'. He noted that as an investor, he asks questions rather than issuing statements to which the Chairman of the Board pointed-out that the Company addresses all investor's comment (s) and/or question (s) but in the instances where information is conveyed incorrectly, it will be corrected and minuted.
- Reasons behind not minuting the proper response to the question relating to 'not availing the Corporate Governance Report before the AGM then releasing it on Bahrain Bourse after the AGM'. This investor inquired on the reasons behind not properly addressing this question in the Minutes to which the Chairman of the Board responded that if he was not satisfied with the answer given, he should have tried to clarify the matter during last year's AGM and not today. Furthermore, the MOICT representative Mrs. Nada AlThawadi emphasised that the comments are to be strictly related to the Minutes of the previous AGM and not on his dissatisfaction on the answers given at the time.
- Appointment of Mumtalakat Directors at the Board. The same investor noted that Alba minuted in the Minutes for the AGM in 2020 that Mumtalakat appointed 6 Directors at Alba's Board without providing the names of the Directors on the day of the AGM to which the Chairman of the Board reiterated that this matter relates to Mumtalakat and the same was addressed in the previous AGM; hence this matter should be closed.
- Alba response to the investor's comments relating to agenda no. 2.1 (EGA and Green Aluminium) and 2.2 (Cross-Listing). He stated that although these matters were not part of the AGM agenda, there is a section within the Report of the Board of Directors about the Company's outlook, and he is of the opinion that he should ask about the Company's prospects. The Chairman of the Board acknowledged the investor's observation and his contributions when attending general meetings. However, the Chairman of the Board reiterated that the AGM will only tackle matters tabled in the agenda and added such matters are to be discussed directly with the Company's Management during the quarterly conference calls.
- Alba response to the investor's comment relating to agenda no. 4.4 (Net Debt to EBITDA). The investor inquired how he would know that the targeted Net Debt to EBITDA ratio is 3x when the covenant is 4.5x as stated in 2020 Audited Financial Statements to which the Chairman of the Board noted this comment and once again advised the investor that Alba is committed to meet a ratio of 3x.
- Alba response to the investor's comment relating to agenda no. 4.9 (Interest Rate Swaps with National Bank of Bahrain). He inquired why the Company didn't minute BD265.080 million and the reasons for doing Interest Rate Swaps to which the Chairman advised that the response is obvious and relates to risk management.



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- Alba response to the investor's comment relating to agenda no. 5.2 (Dividend Distribution). He inquired about the Dividend Distribution Policy as Alba doesn't have one to which the Chairman of the Board reiterated that this matter is not part of the AGM agenda, and the investor is always welcome to liaise with the Management/Corporate Secretary to get such matters answered.
 - 2. The Report of the Board of Directors for the Company's business/activities for the year-ended 31 December 2021 was read by the Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, and was approved.
 - 3. Mr. Mahesh Balasubramanian from KPMG Fakhro, Alba's External Auditors, read the Auditors' Report for the year-ended 31 December 2021 (page 5 of the 2021 Audited Financial Statements) and was approved.
 - 4. The Audited Financial Statements for the year-ended 31 December 2021 were approved. The Chief Executive Officer, Mr. Ali Al Baqali, thanked the Chairman of the Board for his foreword and added that Alba closed 2021 with an unparalleled performance on many fronts: operational and financial. He also briefed the Shareholders on the many firsts Alba scored as the Company marked its golden jubilee of operations in 2021 – all of which were made possible thanks to Line 6 Expansion Project.
- The same investor (as in agenda no. 1) requested the Management to answer the queries as follows:
- Alba's financial performance: it is true that the Company had made strong Net Profits; however, Trade and other Receivables have substantially increased while Current Loans and Borrowings didn't decrease in the balance sheet. The Chairman of the Board confirmed to the investor that the Trade and other Receivables have increased from BD119.105 million to BD318.438 million thanks to higher Valued Added Sales as the Company must wait between 45 days to 70 days to get paid in addition to higher LME and premium prices. As for the Current Loans and Borrowings, the Company had to rely on the Revolving Credit Facilities despite higher interest rate; however, the netbacks are higher since VAP Sales were 63% in 2021 versus 44% in 2020.
 - Alba's Cash balance of BD93.311 million versus Total Assets of BD2.624 billion and Net Cash Flows generated from operating activities of BD292.835 million compared to Net Profit of BD451.870 million. This investor inquired about what the Management would do to fix the Company's liquidity since it has proposed during FY 2021 Results Conference Call to pay a final dividend of US\$200 million to which the Chairman of the Board confirmed that BD93.311 million are available in banks and indicated that the Company needs to keep around US\$100 million for annual expenditures; hence, this would require the Company to rely on Revolving Loans. The Chairman of the Board also stated that Alba has access to around US\$900 million in terms of Revolving Loans and noted that c.US\$500 million were used in 2020 while c.US\$300 million were used in 2021. In addition, the Chairman of the Board emphasised that the Company is fully aware that by using Revolving Loans, interest rates will be higher, and the Management is doing its best to reduce relying on Revolving Loans all the while optimize Working Capital Management.
 - Cash Flow Sensitivity Analysis for Variable-Rate Instruments (Note 28: Risk Management). This investor inquired about the possible impact the Company would have on its Equity and/or on the Profit/ (Loss) Statement with an increase of 100 basis points in interest rates. Mr. Balasubramanian from KPMG Fakhro responded that the disclosure in the Audited Financial Statements is done in accordance with IFRS and the figures are already included. The Chairman of the Board added that the Sensitivity Analysis is hypothetical to which Mr. Balasubramanian

confirmed that the disclosure is based on forward looking statements. Furthermore, Mr. Al Baqali added that the Sensitivity Analysis of +/- 100 basis in interest rate is disclosed on page 50 with respect to Equity as well as Profit/Loss (to refer to the below excerpt from the English Financial Statements)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible changes of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2021				
Variable-rate instrument	(8,840)	8,840	-	-
Interest rate swaps	2,462	(2,462)	8,412	(8,304)
Cash flow sensitivity (net)	(6,358)	6,358	8,412	(8,304)
31 December 2020				
Variable-rate instrument	(10,353)	10,353	-	-
Interest rate swaps	2,651	(2,651)	12,268	(12,323)
Cash flow sensitivity (net)	(7,702)	7,702	12,268	(12,323)

- Note 27 - Related Party Transactions: this investor inquired about the identity of the Related Party as the Company has written-off BD7,944 thousand to which the CEO replied that Alba has written-off only the interest - as part of the settlement - with a customer. The Chairman of the Board requested if MOICT representative can comment on whether Alba can share the identity of the Related Party to which Mrs. Nada AlThawadi advised that it is the shareholders' right to know of the particulars of Related Party. The Chairman of the Board then noted that this transaction relates to Garmco.
5. The Board of Directors' recommendations for the appropriation of the Net Profit and Retained Earnings for the year-ended 31 December 2021 were approved as follows:
- a. The distribution of cash dividend to shareholders at Fils 79.71 per share or 79.71% of the paid-up capital (inclusive of the interim dividends of Fils 26.57 per share which was already distributed to the shareholders by 23 November 2021), which is BD112,812,936 for the year ended 31 December 2021.

Event	Date
Annual General Meeting	10 March 2022
Cum-Dividend Date (Last day of trading with entitlement to dividends)	13 March 2022
Ex-Dividend Date (First day of trading without entitlement to dividends)	14 March 2022
Record Date (The Day on which all shareholders whose names are on the share register will be entitled to dividends)	15 March 2022



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Payment Date

(The Day on which the dividends will be paid to the entitled
shareholders subject to CBB approvals)

24 March 2022

b. Transfer of BD340,176 Thousand to the Retained Earnings.

6. Approved the recommendation of the Board of Directors' total remuneration of BD420,000 for the year-ended 31 December 2021 and subject to the approval of the Ministry of Industry, Commerce and Tourism.
7. The 2021 Corporate Governance Report to the shareholders was discussed in line with the requirements of the Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism. The same investor (as in agenda no. 1) commended the Company's on the Sustainability front to include the Corporate Governance Standards by adopted by Alba and added that the Company has the best Corporate Governance amongst listed companies in Bahrain.
He also inquired about the accuracy of classifying an independent director for one of the Directors who has been serving at the Board for more than 3 terms (11 years) to which the Chairman of the Board replied that Alba follows the Corporate Governance Code and requested the Corporate Secretary, Ms. Hilal, to address this matter. Ms. Hilal confirmed that Alba's disclosure is as per the Corporate Governance Code and added that the Code doesn't include guidance on whether a board member could lose his independency for serving more than three terms in the Company; she also added that the disclosure is in line with CBB Rulebook. He then wanted to solicit the CBB's feedback further to Ms. Hilal commentary to which the Chairman of the Board responded that CBB would intervene if the Management's response was wrong and urged this investor to move on to other comment (s) he may have. However, with the persistence of this investor to get CBB's feedback, the Chairman of the Board requested Ms. Hilal to mute him to restore order in the meeting.
8. Notified and approved the transactions carried-out during the financial year-ended 31 December 2021 with any of the related-parties as described in note # 27 of the financial statements in line with Article 189 of the Commercial Companies' Law (If any). The Chairman of the Board noted that the major transactions with related parties are associated with Tatweer for purchasing natural gas in 2021 for more than US\$620 million.
9. The Board of Directors were absolved from their actions/activities for the year-ended 31 December 2021.
10. The re-appointment of the External Auditors, KPMG Fakhro, for the fiscal year 2022 was approved and the Board of Directors were authorised to specify the remunerations for KPMG Fakhro for 2022.
11. No concerns were raised in accordance with Article 207 of the Commercial Companies' Law.
The Chairman of the Board notified this investor that he will allow him to continue with his remarks provided that his comments relate to this agenda and requested Ms. Hilal to unmute him. He then inquired whether the Chairman of the Board is still committed to change the audit partner every 3 years and the audit firm every 5 years to which the Chairman of the Board assured that the Company will strictly follow the guidelines of the Corporate Governance Code.
In addition, he wanted to discuss irrelevant matters relating to agenda no. 11 to which MOICT representative, Mrs. Nada AlThawadi, advised that this agenda relates to matters of urgent nature as well as matters which can be discussed/included in the AGM agenda provided that such requests have been made in writing. However, with the investor's persistence to argue, the Chairman of the Board requested Ms. Hilal again to mute him to restore order in the meeting.



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The e-meeting concluded at 04:10 P.M.

Daij Bin Salman Bin Daij Al Khalifa
Chairman

Date: 10 March 2022

Eline Hilal
Director - Investor Relations & Corporate Secretary

Date: 10 March 2022



- 2 Discuss and approve the Report of the Board of Directors for the Company's business/activities for the year ended 31 December 2022**



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Aluminium Bahrain B.S.C. (Alba) REPORT OF THE BOARD OF DIRECTORS

The Directors have the pleasure to submit their report together with the Audited Consolidated Financial Statements for the year-ended 31 December 2022.

Principal Activity

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

The principal activities of the Company are to build and operate smelters for the production of aluminium, to sell aluminium within and outside the Kingdom of Bahrain and to carry on any related business to complement the Company's operations and/or to enhance the value or profitability of any of the Company's property or rights.

Registered Office

The official business address of the Company is located at Building 150, Road 94, Block 951, Askar, Kingdom of Bahrain.

Winterthur Branch

On 7 July 2011, the Company established and registered Aluminium Bahrain B.S.C. (Alba), Manama, Bahrain, Winterthur Branch in Zurich, Switzerland, with address at Theaterstrasse 17, 8400 Winterthur, Switzerland.

Hong Kong Branch

On 30 November 2011, the Board approved the establishment of a Sales Office in Hong Kong, with address at 2210, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.

Bahrain Subsidiary

On 21 October 2014, the Board approved the formation of Alba Club W.L.L., a subsidiary entity of Aluminium Bahrain B.S.C. (Alba) in relation to the Bahraini Commercial Registration for Alba Social Club which is located at Building 23, Road 43, Block 937, Riffa /Al Bhair, Kingdom of Bahrain. The Company, based on a Board resolution dated 30 December 2021, have approved the Management's recommendation to transfer the registration of Alba Club WLL, currently registered under Commercial Registration No. 99789-1, and to register it as a branch of Aluminium Bahrain B.S.C. (Alba) under Commercial Registration No. 999. The Company has filed the necessary documentation with MOIC and is awaiting to hold the Extraordinary General Meeting (EGM) to get the shareholders' approvals in order to convert it into a branch of Alba.

U.S. Subsidiary

On 11 June 2014, the Board approved the incorporation of a U.S. entity and the creation of a Sales Office with address at Aluminium Bahrain US, Inc. 1175 Peachtree Road NE, Suite 1475, Atlanta, GA 30361.



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Guernsey Subsidiary

On 07 February 2019, the Board approved the establishment of Alba's Captive Insurance Vehicle in Guernsey 'AlbaCap Insurance Limited' with address at Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, GY1 1AJ.

Singapore Branch

On 27 September 2020, the Board approved the establishment of Alba's branch in Singapore with address at Level 35, The Gateway West, 150 Beach Road, #35-38 the Gateway West, Singapore 189720.

Share Capital Structure

Shareholders	2022 (%)	2021 (%)
Bahrain Mumtalakat Holding Company B.S.C. (c)	69.38	69.38
SABIC Industrial Investments Company	20.62	20.62
Others – Public	10.00	10.00
	100.00	100.00

Corporate Secretary

Ms. Eline Hilal, is the Corporate Secretary since February 2015.

Executive Management Team

Mr. Ali Al Baqali, Chief Executive Officer
Dr. Abdulla Habib, Chief Operations Officer
Mr. Amin Sultan, Chief Power Officer
Mr. Khalid Abdul Latif, Chief Marketing Officer
Mr. Waleed Tamimi, Chief Supply Officer
Mr. Bryan Harris, Chief Financial Officer

Alba Executives' Remuneration

Executive Management	Total Paid Salaries & Allowances	Total Paid Remuneration (Bonus)	Any Other Cash-in-Kind Remuneration	BD
				Aggregate Amount
Chief Executive Officer, Chief Marketing Officer, Chief Power Officer, Chief Operations Officer, Chief Supply Officer and Chief Financial Officer	1,172,644	636,740	130,379	1,939,764

Results and Retained Earnings

The Company made a Profit of **BD416.167 million** for the financial year of 2022 versus a Profit of **BD451.870 million** for the financial year of 2021.

The Movements in Retained Earnings of the Company were:

	BD '000
Balance as at 31 December 2021	1,292,569
Profit for the year 2022	416,167
Gain on resale of treasury shares	534
Final Dividend for 2021 approved and paid	(75,316)
Interim Dividend for 2022 approved and paid	(45,123)
Balance as at 31 December 2022	1,588,831

Appropriations

- On 11 August 2022, the Board of Directors of Aluminium Bahrain B.S.C. (Alba) recommended an interim dividend of Fils 31.88 per share (excluding treasury shares) totalling BD45,122,697 which was subsequently paid from 01 September 2022.
- At the Board meeting held on 02 February 2023, the Company's Board of Directors proposed to pay final dividend of Fils 85.7 per share (excluding Treasury Shares) totalling BD121,306,000.

The above appropriations are subject to the approvals of the Company's shareholders at the Annual General Meeting which will be held on 26 February 2023.

Directors of the Company

The following Directors served on the Board of Alba from 08 March 2020 to-date:

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

Shaikh Daij Bin Salman Bin Daij Al Khalifa, Chairman
Mr. Yousif A. Taqi, Director
Shaikh Isa bin Khalid Al Khalifa, Director
Mrs. Suha S. Karzoon, Director
Mrs. Rasha Sabkar, Director
Mr. Tim Murray, Director

Sabir Industrial Investments Company

Mr. Iyad Al Garawi, Director
Mr. Ahmed Al Duriaan, Director
Mr. Omar Al Amoudi, Director

Elected Director

Mr. Mutlaq H. Al Morished, Director

Alba Directors' Remuneration

The Board of Directors' Remuneration for the year-ended 31 December 2022 is as follows:

- Attendance Fees of BD107,000 were paid over the course of 2022 [2021:BD103,000].
- Sitting Fees of BD72,000 will be paid after the Board's meeting on 02 February 2023 [2021: BD72,000].
- The proposed Remuneration Fees of BD412,000 will be paid post the Annual General Meeting scheduled on 26 February 2023 [2021: BD420,000].

The breakdown of Alba Directors' Remuneration is as per the below table:

Name	Fixed Remunerations				Variable Remunerations				End-of-Service Award	Aggregate Amount (Does not Include Expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD	Total Allowance for Attending Board and Committee Meetings	Others*	Total	Remunerations of the Chairman and BOD	Incentive Plans	Others**	Total			
First: Independent Directors											
Shaikh Daij bin Salman bin Daij Al Khalifa	60	30	-	90	-	-	-	-	-	90	
Yousif Taqi	40	19	-	59	-	-	-	-	-	59	
Shaikh Isa bin Khalid Al Khalifa	40	17	-	57	-	-	-	-	-	57	
Tim Murray	40	16	-	56	-	-	-	-	-	56	2.4
Mutlaq Al Morished	40	16	-	56	-	-	-	-	-	56	1.8
Second: Non-Executive Directors											
Suha Karzoon	40	17	-	57	-	-	-	-	-	57	
Rasha Sabkar	40	16	-	56	-	-	-	-	-	56	
Omar Al Amoudi	40	16	-	56	-	-	-	-	-	56	1.8
Ahmed Alduriaan	40	16	-	56	-	-	-	-	-	56	1.8
Iyad Al Garawi	32	16	-	48	-	-	-	-	-	48	
Third: Executive Directors (Not Applicable)											
Total	412	179	-	591	-	-	-	-	-	591	7.8



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Note: All amounts are in Bahraini Dinars.

Other Remunerations:

* It includes in-kind benefits: specific to remuneration for Technical, Administrative and Advisory Works (if any).

** It includes the Board member's share of the Profit and Granted shares (insert the value) (if any).

By order of the Board,

Daij Bin Salman Bin Daij Al Khalifa
Chairman

Yousif A. Taqi
Director

02 February 2023



3 Listen to the External Auditors' Report for the Financial Statements for the year-ended 31 December 2022 (reference: page 6 of 2022 Audited Financial Statements)

Independent auditors' report

To the Shareholders of

ALUMINIUM BAHRAIN B.S.C.

PO Box: 570, Kingdom of Bahrain

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 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Auditors' 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), together with the ethical requirements that are relevant to our audit of the consolidated financial statements 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.



4 Discuss and approve the Financial Statements for the year-ended 31 December 2022

Aluminium Bahrain B.S.C.

**REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2022

Aluminium Bahrain B.S.C.
Consolidated Financial Statements
For the year ended 31 December 2022

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Aluminium
for the world

Aluminium Bahrain B.S.C. (Alba)
CR. No. 999



ألمنيوم
للعالم

ألمنيوم البحرين ش.م.ب. (البا)
سجل تجاري رقم: ٩٩٩

Aluminium Bahrain B.S.C. (Alba) REPORT OF THE BOARD OF DIRECTORS

The Directors have the pleasure to submit their report together with the Audited Consolidated Financial Statements for the year-ended 31 December 2022.

Principal Activity

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

The principal activities of the Company are to build and operate smelters for the production of aluminium, to sell aluminium within and outside the Kingdom of Bahrain and to carry on any related business to complement the Company's operations and/or to enhance the value or profitability of any of the Company's property or rights.

Registered Office

The official business address of the Company is located at Building 150, Road 94, Block 951, Askar, Kingdom of Bahrain.

Winterthur Branch

On 7 July 2011, the Company established and registered Aluminium Bahrain B.S.C. (Alba), Manama, Bahrain, Winterthur Branch in Zurich, Switzerland, with address at Theaterstrasse 17, 8400 Winterthur, Switzerland.

Hong Kong Branch

On 30 November 2011, the Board approved the establishment of a Sales Office in Hong Kong, with address at 2210, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.

Bahrain Subsidiary

On 21 October 2014, the Board approved the formation of Alba Club W.L.L., a subsidiary entity of Aluminium Bahrain B.S.C. (Alba) in relation to the Bahraini Commercial Registration for Alba Social Club which is located at Building 23, Road 43, Block 937, Riffa /Al Bhair, Kingdom of Bahrain. The Company, based on a Board resolution dated 30 December 2021, have approved the Management's recommendation to transfer the registration of Alba Club WLL, currently registered under Commercial Registration No. 99789-1, and to register it as a branch of Aluminium Bahrain B.S.C. (Alba) under Commercial Registration No. 999. The Company has filed the necessary documentation with MOIC and is awaiting to hold the Extraordinary General Meeting (EGM) to get the shareholders' approvals in order to convert it into a branch of Alba.

U.S. Subsidiary

On 11 June 2014, the Board approved the incorporation of a U.S. entity and the creation of a Sales Office with address at Aluminium Bahrain US, Inc. 1175 Peachtree Road NE, Suite 1475, Atlanta, GA 30361.



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Aluminium Bahrain B.S.C. (Alba)
CR. No. 999



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سجل تجاري رقم: ٩٩٩

Guernsey Subsidiary

On 07 February 2019, the Board approved the establishment of Alba's Captive Insurance Vehicle in Guernsey 'AlbaCap Insurance Limited' with address at Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, GY1 1AJ.

Singapore Branch

On 27 September 2020, the Board approved the establishment of Alba's branch in Singapore with address at Level 35, The Gateway West, 150 Beach Road, #35-38 the Gateway West, Singapore 189720.

Share Capital Structure

Shareholders	2022 (%)	2021 (%)
Bahrain Mumtalakat Holding Company B.S.C. (c)	69.38	69.38
SABIC Industrial Investments Company	20.62	20.62
Others – Public	10.00	10.00
	100.00	100.00

Corporate Secretary

Ms. Eline Hilal, is the Corporate Secretary since February 2015.

Executive Management Team

Mr. Ali Al Baqali, Chief Executive Officer
Dr. Abdulla Habib, Chief Operations Officer
Mr. Amin Sultan, Chief Power Officer
Mr. Khalid Abdul Latif, Chief Marketing Officer
Mr. Waleed Tamimi, Chief Supply Officer
Mr. Bryan Harris, Chief Financial Officer

Alba Executives' Remuneration

Executive Management	Total Paid Salaries & Allowances	Total Paid Remuneration (Bonus)	Any Other Cash-In- Kind Remuneration	BD
				Aggregate Amount
Chief Executive Officer, Chief Marketing Officer, Chief Power Officer, Chief Operations Officer, Chief Supply Officer and Chief Financial Officer	1,172,644	636,740	130,379	1,939,764

Results and Retained Earnings

The Company made a Profit of **BD416.167 million** for the financial year of 2022 versus a Profit of **BD451.870 million** for the financial year of 2021.



Aluminium
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Aluminium Bahrain B.S.C. (Alba)
CR. No. 999



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سجل تجاري رقم: ٩٩٩

The Movements in Retained Earnings of the Company were:

	BD '000
Balance as at 31 December 2021	1,292,569
Profit for the year 2022	416,167
Gain on resale of treasury shares	534
Final Dividend for 2021 approved and paid	(75,316)
Interim Dividend for 2022 approved and paid	(45,123)
Balance as at 31 December 2022	1,588,831

Appropriations

- On 11 August 2022, the Board of Directors of Aluminium Bahrain B.S.C. (Alba) recommended an interim dividend of Fils 31.88 per share (excluding treasury shares) totalling BD45,122,697 which was subsequently paid from 01 September 2022.
- At the Board meeting held on 02 February 2023, the Company's Board of Directors proposed to pay final dividend of Fils 85.7 per share (excluding Treasury Shares) totalling BD121,306,000.

The above appropriations are subject to the approvals of the Company's shareholders at the Annual General Meeting which will be held on 26 February 2023.

Directors of the Company

The following Directors served on the Board of Alba from 08 March 2020 to-date:

Bahrain Mumtalakat Holding Company B.S.C. (c)
Shaikh Daij Bin Salman Bin Daij Al Khalifa, Chairman
Mr. Yousif A. Taqi, Director
Shaikh Isa bin Khalid Al Khalifa, Director
Mrs. Suha S. Karzoon, Director
Mrs. Rasha Sabkar, Director
Mr. Tim Murray, Director

Sabir Industrial Investments Company
Mr. Iyad Al Garawi, Director
Mr. Ahmed Al Duriaan, Director
Mr. Omar Al Amoudi, Director

Elected Director

Mr. Mutlaq H. Al Morished, Director

Alba Directors' Remuneration

The Board of Directors' Remuneration for the year-ended 31 December 2022 is as follows:

- Attendance Fees of BD107,000 were paid over the course of 2022 [2021: BD103,000].
- Sitting Fees of BD72,000 will be paid after the Board's meeting on 02 February 2023 [2021: BD72,000].
- The proposed Remuneration Fees of BD412,000 will be paid post the Annual General Meeting scheduled on 26 February 2023 [2021: BD420,000].

The breakdown of Alba Directors' Remuneration is as per the below table:

Name	Fixed Remunerations				Variable Remunerations				End-of-Service Award	Aggregate Amount (Does not Include Expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD	Total Allowance for Attending Board and Committee Meetings	Others*	Total	Remunerations of the Chairman and BOD	Incentive Plans	Others**	Total			
First: Independent Directors											
Shaikh Daij bin Salman bin Daij Al Khalifa	60	30	-	90	-	-	-	-	-	90	
Yousif Taqi	40	19	-	59	-	-	-	-	-	59	
Shaikh Isa bin Khalid Al Khalifa	40	17	-	57	-	-	-	-	-	57	
Tim Murray	40	16	-	56	-	-	-	-	-	56	2.4
Mutlaq Al Morished	40	16	-	56	-	-	-	-	-	56	1.8
Second: Non-Executive Directors											
Suha Karzoon	40	17	-	57	-	-	-	-	-	57	
Rasha Sabkar	40	16	-	56	-	-	-	-	-	56	
Omar Al Amoudi	40	16	-	56	-	-	-	-	-	56	1.8
Ahmed Alduriaan	40	16	-	56	-	-	-	-	-	56	1.8
Iyad Al Garawi	32	16	-	48	-	-	-	-	-	48	
Third: Executive Directors (Not Applicable)											
Total	412	179	-	591	-	-	-	-	-	591	7.8

Note: All amounts are in Bahraini Dinars.

Other Remunerations:

* It includes in-kind benefits: specific to remuneration for Technical, Administrative and Advisory Works (if any).

** It includes the Board member's share of the Profit and Granted shares (insert the value) (if any).

By order of the Board,



Daij Bin Salman Bin Daij Al Khalifa
Chairman



Yousif A. Taqi
Director

02 February 2023



KPMG Fakhro
Audit
12th Floor, Fakhro Tower
P O Box 710, Manama
Kingdom of Bahrain

Telephone +973 17 224807
Fax +973 17 227443
Website: home.kpmg/bh
CR No. 6220

Independent auditors' report

To the Shareholders of

ALUMINIUM BAHRAIN B.S.C.
PO Box: 570, Kingdom of Bahrain

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 2022, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS standards as issued by the International Accounting Standards Board (IFRS Standards).

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 Auditors' 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), together with the ethical requirements that are relevant to our audit of the consolidated financial statements 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Assessment for impairment of property, plant and equipment

(refer to the impairment policy in note 3(e), use of estimate and management judgement in note 4, and note 5 on disclosure of property, plant and equipment in the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2022, the Group held property, plant and equipment (PPE) of BD 1,880,527 thousand in the consolidated statement of financial position.	Our audit procedures in this area included, amongst others:

<p>This area was important to our audit due to the size of the carrying value of the PPE (72% of the total assets as at 31 December 2022) 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, product margins, input prices and overall market and economic conditions.</p>	<ul style="list-style-type: none"> — Evaluating the Group's basis of developing forecasts and cash flow 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; — Involvement of our own valuation specialist to assist us in: <ul style="list-style-type: none"> ○ evaluating the appropriateness of the methodology used by the Group to assess impairment of PPE; and ○ evaluating key inputs and assumptions in cash flow models used by the Group against external benchmarks including adjustments for risks specific to the Group, in particular its derivation of revenue forecasts based on forward estimates of LME prices, margins on value added products, discount rates and expected long term growth rates; — Agreeing the relevant financial and quantitative data used in the model to the latest production plans and approved budgets; and — Assessing whether the consolidated financial statements disclosures relating to key inputs and assumptions for impairment were appropriate.
--	--

Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the board of directors' report which forms 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 and will 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 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 that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 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.

Auditors' 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 auditors' 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 auditors' 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 auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 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.

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 auditors' 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 Regulatory Requirements

A) As required by the Commercial Companies Law, we report that:

1. the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
2. the financial information contained in the board of directors' report is consistent with the consolidated financial statements;
3. we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
4. satisfactory explanations and information have been provided to us by management in response to all our requests.

B) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of the requirements of Article 8 of Section 2 of Chapter 1 of the Corporate Governance Code, we report that the Company has:

1. a corporate governance officer; and
2. a board approved written guidance and procedures for corporate governance.

The engagement partner on the audit resulting in this independent auditors' report is Jaafar AlQubaiti.




KPMG Fakhro
Partner registration number 83
2 February 2023


Aluminium Bahrain B.S.C.


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 BD '000	2021 BD '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,880,527	1,907,682
Trade and other receivables	7	3,013	-
Derivative financial instruments	20	18,095	2,238
Deferred tax assets	18	81	99
		1,901,716	1,910,019
Current assets			
Inventories	6	371,542	302,835
Trade and other receivables	7	243,189	318,438
Derivative financial instruments	20	7,120	-
Bank balances and cash	8	93,617	93,311
		715,468	714,584
TOTAL ASSETS		2,617,184	2,624,603
EQUITY AND LIABILITIES			
Equity			
Share capital	9	142,000	142,000
Treasury shares	10	(4,831)	(3,742)
Statutory reserve	12	71,000	71,000
Capital reserve	13	249	249
Cash flow hedge reserve	20	25,209	944
Retained earnings		1,588,831	1,292,569
Total equity		1,822,458	1,503,020
Non-current liabilities			
Loans and borrowings	15	505,098	703,559
Lease liabilities	21	4,752	4,864
Employees' end of service benefits	17	1,401	1,704
		511,251	710,127
Current liabilities			
Loans and borrowings	15	124,115	223,591
Lease liabilities	21	615	686
Trade and other payables	19	158,745	185,806
Derivative financial instruments	20	-	1,373
		283,475	411,456
Total liabilities		794,726	1,121,583
TOTAL EQUITY AND LIABILITIES		2,617,184	2,624,603


Daij Bin Salman Bin Daij Al Khalifa
Chairman


Yousif Taqi
Director


Ali Al Baqali
Chief Executive Officer

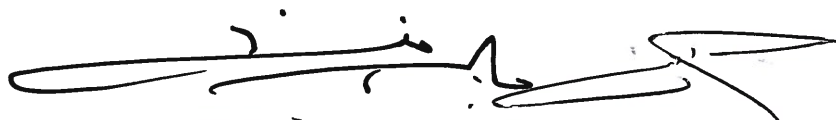
The attached notes 1 to 31 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

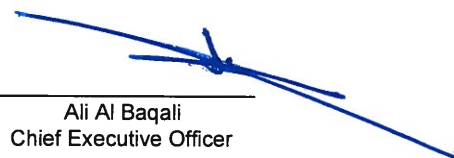
For the year ended 31 December 2022

	Note	2022 BD '000	2021 BD '000
Revenue	26(a)	1,840,924	1,584,838
Cost of sales	23	(1,295,314)	(1,007,802)
GROSS PROFIT		545,610	577,036
Other income - net	22	5,030	2,340
Gain on foreign exchange		9,378	10,061
General and administrative expenses	23	(38,555)	(48,933)
Selling and distribution expenses	23	(82,236)	(44,884)
Impairment loss on trade and other receivables	7	(1,552)	(3,036)
Finance costs- net	24	(18,956)	(39,136)
Trading loss on MTM of derivative financial instruments	20	(1,820)	-
Directors' remuneration	27	(412)	(420)
Changes in fair value of derivative financial instrument	20	85	(85)
PROFIT FOR THE YEAR BEFORE TAX		416,572	452,943
Tax	18	(405)	(1,073)
PROFIT FOR THE YEAR		416,167	451,870
Basic and diluted earnings per share (fils)	11	294	319



Daij Bin Salman Bin Daij Al Khalifa
Chairman

Yousif Taqi
Director



Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 31 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 BD '000	2021 BD '000
PROFIT FOR THE YEAR		416,167	451,870
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedge	20	36,492	6,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		452,659	458,517


 Daij Bin Salman Bin Daij Al Khalifa
 Chairman


 Yousif Taqi
 Director


 Ali Al Baqali
 Chief Executive Officer

The attached notes 1 to 31 form part of these consolidated financial statements.

Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

Note	Share capital BD '000	Treasury shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Cash flow hedge reserve BD '000	Retained earnings BD '000	Total Equity BD '000
Balance at 31 December 2020	142,000	(2,589)	71,000	249	(8,300)	877,193	1,079,553
Profit for the year	-	-	-	-	-	451,870	451,870
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedge	20	-	-	-	6,647	-	6,647
Total comprehensive income for the year	-	-	-	-	6,647	451,870	458,517
Reclassification adjustment of realised loss on settlement of cash flow hedge to profit or loss	-	-	-	-	2,597	-	2,597
Net movement in treasury shares	-	(1,153)	-	-	-	1,120	(33)
Interim dividend approved and paid for 2021	-	-	-	-	-	(37,614)	(37,614)
Balance at 31 December 2021	142,000	(3,742)	71,000	249	944	1,292,569	1,503,020
Profit for the year	-	-	-	-	-	416,167	416,167
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedge	20	-	-	-	36,492	-	36,492
Total comprehensive income for the year	-	-	-	-	36,492	416,167	452,659
Reclassification adjustment of realised loss on settlement of cash flow hedge to profit or loss for new IRS	20	-	-	-	2,183	-	2,183
Reclassification adjustment of realised gain on settlement of cash flow hedge to profit or loss for old IRS	20	-	-	-	(14,410)	-	(14,410)
Net movement in treasury shares	-	(1,089)	-	-	-	534	(555)
Final dividend approved and paid for 2021	14	-	-	-	-	(75,316)	(75,316)
Interim dividend approved and paid for 2022	14	-	-	-	-	(45,123)	(45,123)
Balance at 31 December 2022	142,000	(4,831)	71,000	249	25,209	1,588,831	1,822,458

The attached notes 1 to 31 form part of these consolidated financial statements.

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Aluminium Bahrain B.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 BD '000	2021 BD '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		416,572	452,943
Adjustments for:			
Depreciation and amortisation	5	127,446	122,912
Provision for employees' end of service benefits	17(a)	1,552	1,734
Provision /(reversal) of for slow moving inventories	6	3,100	(22)
Provision for impairment of trade receivables	7	1,552	3,036
Changes in fair value of derivative financial instruments	20	(85)	85
Trading loss on MTM of derivative financial instruments	20	1,820	-
Loss on disposal of property, plant and equipment	22	-	361
Interest income	22	(1,081)	(346)
Unrealised gain on restatement of foreign currency		(24,530)	(14,581)
Finance costs (net)	24	18,956	39,136
Operating profit before working capital changes		545,302	605,258
Working capital changes:			
Inventories		(68,707)	(63,308)
Trade and other receivables		73,735	(202,369)
Trade and other payables		(26,966)	(44,173)
Employees' end of service benefits paid	17(a)	(1,855)	(1,649)
Cash generated from operations		521,509	293,759
Income tax paid		(998)	(924)
Net cash flows generated from operating activities		520,511	292,835
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(100,592)	(83,158)
Proceeds from disposal of property, plant and equipment		820	210
Interest received	22	1,081	346
Net cash flows used in investing activities		(98,691)	(82,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans and borrowings availed		543,303	787,243
Loans and borrowings repaid		(808,167)	(880,787)
Interest on loans and borrowings and leases		(31,150)	(26,899)
Transaction costs related to loans and borrowings		(10,204)	-
Leases liabilities paid		(706)	(1,004)
Dividends paid	14	(120,439)	(37,614)
Settlement of derivatives		(2,183)	(2,598)
Purchase of treasury shares		(10,153)	(6,501)
Proceeds from resale of treasury shares		9,598	6,468
Net cash flows used in financing activities		(430,101)	(161,692)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(8,281)	48,541
Bank balances and cash at 1 January		93,311	44,438
Effect of movement in exchange rates on cash held		8,587	332
Restricted cash (Deposit pledged against short term borrowings)	8	-	(9,392)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8	93,617	83,919
Comprising			
Bank balances		58,772	71,048
Short term deposits with maturities of three months or less*		34,793	22,198
Cash in hand		52	65
Bank balances and cash in consolidated statement of financial position		93,617	93,311
*Short term deposits pledged against short term borrowings		-	(9,392)
Cash and cash equivalents		93,617	83,919

The attached notes 1 to 31 form part of these consolidated financial statements.

1 REPORTING ENTITY

Aluminium Bahrain B.S.C. ("the Company") was incorporated as a Bahrain Joint Stock Company (closed) in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 999.

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

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

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

The Group comprises the Company and the following significant subsidiaries:

Name	Effective ownership		Country of incorporation	Principal activity
	2022	2021		
Aluminium Bahrain US, Inc.	100%	100%	United States of America (USA)	Selling and distribution of aluminium throughout the South and North America
AlbaCap Insurance Limited	100%	100%	Guernsey	Captive insurance entity to insure risks of the Group
ALBA Club W.L.L.*	-	100%	Kingdom of Bahrain	Provider of recreational and sports facilities

*The Company, based on a Board resolution dated 30 December 2021, have approved the Management's recommendation to transfer the registration of Alba Club WLL, currently registered under Commercial Registration No. 99789-1, and to register it as a branch of Aluminium Bahrain B.S.C. (Alba) under Commercial Registration No. 999. The Company has filed the necessary documentation with MOIC and is awaiting to hold the Extraordinary General Meeting (EGM) to get the shareholders' approvals in order to convert it into a branch of Alba.

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

The consolidated financial statements of the Group were authorized for issue in accordance with a resolution of the Directors on 2 February 2023.

2 BASIS OF PREPARATION**(a) Basis of accounting**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and in conformity with the Bahrain Commercial Companies Law, applicable requirements of the Central Bank of Bahrain Rule Book and associated resolutions, rules and procedures of the Bahrain Bourse.

(b) Functional and presentation currency

The consolidated financial statements have been presented in Bahraini Dinars (BD). Unless otherwise stated, all financial information presented has been rounded off to the nearest thousand dinar.

(c) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments and certain trade receivables subject to provisional pricing arrangements.

2 BASIS OF PREPARATION (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. 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.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and 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 a 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 a subsidiaries acquired or disposed of during the year are included in the consolidated statement of other comprehensive income 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. If the Group loses control over a subsidiary, it:

- i) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- ii) derecognises the carrying amount of any non-controlling interest;
- iii) derecognises the cumulative translation differences, recorded in equity;
- iv) recognises the fair value of the consideration received;
- v) recognises the fair value of any investment retained;
- vi) recognises any surplus or deficit in the consolidated statement of profit or loss; and
- vii) reclassifies the parent's share of components previously recognised in OCI to the consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Intra-group balances and transactions, and any un-realised income and expenses (except for foreign currency transactions, gains or losses) arising from intra-group transactions, are eliminated.

(e) New and amended standards and interpretations effective from 1 January 2022

The following new standards or amendments to standards are required to be applied for an annual period beginning from 1 January 2022 but these do not have a material effect on the Group's consolidated financial statements.

2 BASIS OF PREPARATION (continued)

(e) New and amended standards and interpretations effective from 1 January 2022 (continued)

(I) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37):

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

The adoption of this amendment had no significant impact on the consolidated financial statements.

(II) Property, Plant and Equipment (PPE): Proceeds before Intended Use (Amendments to IAS 16):

In the process of making an item of PPE available for its intended use, a company may produce and sell items before starting production. Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- costs associated with producing and selling items before the item of PPE is available for use; and
- costs associated with making the item of PPE available for its intended use.

The amendments clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

The adoption of this amendment had no significant impact on the consolidated financial statements.

(f) New standards, amendments and interpretations effective for future periods available for early adoption

A number of new standards, amendments to standards and interpretations that are relevant to the Group's consolidated financial statements are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended standards, or interpretations in preparing these consolidated financial statements.

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are disclosed below.

(I) Classification of liabilities as current or non-current (Amendments to IAS 1):

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional 'right to defer' settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. This assessment may require management to exercise interpretive judgement.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Group could expect to have a significant impact on its classification of current liabilities in the consolidated financial statements and is currently assessing the likely impact on its arrangements with lenders including recent discussions of the IFRIC on this matter.

(II) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

2 BASIS OF PREPARATION (continued)

(f) New standards, amendments and interpretations effective for future periods available for early adoption (continued)

(III) Definition of Accounting Estimate (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the consolidated financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both (i) selecting a measurement technique and (ii) choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

(IV) Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

Amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect to have a significant impact on its consolidated financial statements.

V) IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts)

IFRS 17 'Insurance Contracts' supersedes IFRS 4 Insurance Contracts and related interpretations and is effective for period beginning on or after 1 January 2023, with earlier adoption permitted. The new standard requires insurance liabilities to be measured at a current fulfilment value and provide a more uniform measurement and presentation approach. The Group is currently considering the impact.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set below. These accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

a) Fair value measurement

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 29.

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 by 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)**a) Fair value measurement (continued)**

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

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.
- 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.

b) Foreign currencies and foreign operations

The Group's consolidated financial statements have been presented in Bahraini Dinars (BD). However, the Group's functional currency is US Dollars (USD) as a significant portion of its sales and raw material purchases are denominated in USD. The Group uses the pegged exchange rate of 0.376 to translate USD into the BD equivalent.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the reporting date. All exchange differences are taken to the consolidated statement of profit or loss.

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.

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

c) Revenue

The Group is in the business of manufacturing and selling aluminium in liquid form as well as in the form of billets, slabs 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 4.

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

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 90 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).

(i) 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.

(ii) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Revenue (continued)****(ii) Significant financing component (continued)**

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.

(iii) Provisional pricing arrangement

Some of the Group's sales incorporate provisional pricing that allows for a market price benchmark based adjustment at a date set by contract terms.

Adjustments to the sales price normally occur based on movements in LME market prices up to the end of the period agreed with customer. The period between provisional invoicing and the end of the final sale price can be between one to two months. For these provisional pricing arrangements, any future changes that occur over the final price are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15.

Where the Group records a 'trade receivable' for the preliminary price, subsequent changes in the estimated final price shall not be recorded as revenue from contract with customers until such point in time at which the actual final price is determined (as long as these changes result from changes in the market price/market price index of the products). They may however be considered in subsequent re-measurement as a financial asset at fair value. Such re-measurement are recorded as a separate component within total revenue as price adjustments. All other updates to the preliminary price is recorded against revenue with the additional receivable amount recorded under a contract asset or contract liability. Such contract asset or liability is de-recognised against the 'trade receivable (subject to provisional pricing)' at the point in time at which the actual final price is determined.

d) Interest rate benchmark reform

The Group has initially adopted Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 from 1 January 2021.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, then the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met.

'- the change is necessary as direct consequence of the reform; and

'- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on the accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be a continued without interruption. The Group applied the following reliefs as when uncertainty arising from interest rate benchmark reform was no longer present with respect to the timing and amount of the interest rate benchmark-based cash flows of the hedged item or hedged instrument.

'- the Group amended the designation of a hedging relationship to reflect changes that were required by the reform without discontinuing the hedging relationship; and

'- when a hedged item in a cash flow hedge was amended to reflect changes that were required by the reform, the amount accumulated in the cashflow hedge reserve was deemed to be based on the alternative benchmark rate on which the hedged future cash flows were determined.

The details of accounting policies and related disclosures about risks and hedge accounting are set out in note 3(g)(v),(vii) and note 28 respectively.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 life equal to the life of the machine. These spare parts are depreciated over the life of the related machine.

Capital work-in-progress

The Capital work-in-progress comprises expenditure incurred on the acquisition and installation of property, plant and equipment which is transferred to the appropriate category of asset and depreciated after it is put to commercial 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	3-30 years
Steel pot relining	4-5 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.

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 to sell 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 pre-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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)**f) 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.

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.

g) Financial Instruments

Financial instruments in these consolidated financial statements include financial assets and financial liabilities that are recognized and measured under the requirements of IFRS 9: Financial Instruments. Financial assets of the Group mainly comprise of bank balances (including deposits), trade and other receivables and derivative financial assets. Financial liabilities comprise loans and borrowings, trade and other payables and derivative financial liabilities. Advance to and from customers that would be settled by transfer of non-financial items are not considered financial instruments. Liabilities and assets that are not contractual (such as those that are created as a result of statutory requirements imposed by the government) are not financial assets or liabilities under IFRS 9.

i. Classification**Financial assets**

Financial assets are classified into one of the following three categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income (FVTOCI); and
- Financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through the profit or loss (FVTPL).

ii. Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets (other than trade receivables) are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition of the financial asset except transaction costs on financial instruments measured at FVTPL which are expensed in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price (i.e. invoiced amounts).

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

iii. Subsequent measurement

Financial assets

Subsequent to initial measurement, financial assets are measured at either amortised cost or fair value. The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets are measured at amortised cost using the effective interest rate method if:

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

If either of these two classification criteria is not met, the financial assets are classified and measured at fair value, either through the profit or loss (FVTPL) or through other comprehensive income (FVTOCI).

If the objective of the business model is to both hold to collect and sell debt instrument, it is classified at FVTOCI. The Group currently does not hold such instruments.

Additionally, even if a financial asset meets the amortised cost criteria, the entity may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

The Group's financial assets measured at amortised cost comprises 'trade receivables (not subject to provisional pricing), bank balances and other receivables on the consolidated statement of the financial position.

'Trade receivables (subject to provisional pricing)' include embedded derivatives and hence are accounted for as FVTPL instruments (refer note 3 (g) and 26(a) – Revenue recognition). FVTPL assets also include derivative financial assets.

Financial liabilities

All financial liabilities, other than those classified and measured as financial liabilities at FVTPL, are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest rate method.

Financial liabilities classified as financial liabilities at FVTPL includes derivatives.

iv. Derecognition of financial assets and liabilities

Financial assets are derecognised and removed from the consolidated statement of financial position when the right to receive cash flows from the assets has expired; the Group has transferred its contractual right to receive the cash flows from the assets, and substantially all the risks and rewards of ownership; or where control is not retained.

Financial liabilities are derecognised and removed from the consolidated statement of financial position when the obligation is discharged, cancelled, or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated statement of profit or loss.

v. Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining cash flows required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by the interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Instruments (continued)

vi. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 (EIR). 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.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, for purposes of calculating the provision, 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 trade receivables and the economic environment. Further disclosures relating to impairment of trade receivables are provided in note 7 and note 28.

For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the assets' original effective interest rate.

The Group considers a financial asset 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.

vii. Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, such as interest rate swaps and forward commodity contracts, to hedge its interest rate risks and commodity price risks, respectively. In certain circumstances the Group enters into derivative instruments to hedge foreign currency risks.

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.

Changes in the fair value of derivative financial instruments that are designated, and qualify as fair value hedges, are included in the consolidated statement of profit or loss together with the corresponding change in the fair value of the hedged asset or liability that is attributable to the risk being hedged. Unrealised gains or losses on hedged assets which are attributable to the hedged risk are adjusted against the carrying values of the hedged assets or liabilities. For derivatives that are not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the consolidated statement of profit or loss.

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. The 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

vii. Derivative financial instruments and hedging activities (continued)

g) Financial Instruments (continued)

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 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.

Hedges directly affected by interest rate Benchmark

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of the hedging relationship to reflect the changes required by IBOR reform, as defined in note 3(g)(v). For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as hedged risk;
- updating the description of the hedged item, including the description of the designated portion of cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it make a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to the changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If the changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When interest rate benchmark on which hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on alternative benchmark rate on which the hedged future cash flows will be based.

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.

viii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is 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.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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 contractual non-Bahraini employees and eligible Bahrain employees the Group provides 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. Provision for this unfunded commitment, which represents a defined benefit scheme, has been made by calculating the liability for remainder of contract period, had all employees left at the reporting date.

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

Terminal and other employee's benefits, entitlements to annual leaves, air passage and others are recognised as they accrue to the employees.

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.

i) 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.

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 reassessed 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Taxes (continued)

i) Deferred Tax (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

j) 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.

k) 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.

l) 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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest, realised losses resulted from settlement of interest rate swaps (excluding unrealised fair value changes) and other costs that an entity incurs in connection with the borrowing of funds.

m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities as separate line item on face of the consolidated statement of financial position.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease liability remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

n) Interest income

Interest income is recognised using the effective interest rate method.

o) Contingencies

The Group discloses its contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents includes cash on hand, cash at banks, short term bank deposits with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position. Restricted deposit are excluded from cash and cash equivalents.

q) Share Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from statement of changes in equity.

r) Dividend Distribution

Dividends are recognised as a liability in the period in which they are approved by the shareholders.

4 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.

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.

Contracts for the sale of goods that include volume discounts, give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

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 2022, 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.

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.

At 31 December 2022, gross inventories of spares was BD 38,801 thousand (2021: BD 34,499 thousand) with provisions for slow moving spares of BD 4,910 thousand (2021: BD 1,810 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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)*Capitalisation date and useful lives of property, plant and equipment*

The Group's Board of Directors determines the estimated useful lives and capitalisation dates of its property, plant and equipment for calculating depreciation. These estimates are determined after considering the stage of completion of assets, whether an asset is ready for use, expected usage of the asset or physical wear and tear. The Board of Directors reviews the residual values and useful lives annually and the future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment

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 to sell 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.

The Management assessed the recoverable amount of the property, plant and equipment considering the Company as a single cash generating unit (CGU). The recoverable amount of the CGU was determined to be higher than its carrying amount and no impairment loss was recognised as on 31 December 2022. The recoverable amount of the CGU was based on its value-in-use.

Consistent with its method of impairment assessment as of 31 December 2021, the Group estimated the value-in-use of its CGU by using a discounted cash flow method that considers a 5 year cash-flow projections which do not include restructuring activities that the Group is not yet committed to and a terminal value beyond the forecast period. As compared to 31 December 2021, the weighted average cost of capital used in calculating the CGU's value-in-use as on 31 December 2022 increased from 8.3% to 11.34% to reflect the change in overall market based inputs as at the reporting date including higher risk free rates, cost of funds and use of industry long term leverage ratios. Other key assumptions that impact the forecast include the future London Metal Exchange (LME) cash settlement prices and premium rates for aluminium and market alumina index which were updated using the most recent forecasts from various market sources.

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 13.80% (1380 basis point) (31 December 2021: 14.77% (1477 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 by 9.65% (31 December 2021: 10.80%) (with all other variables remain unchanged) throughout the forecast period and a reduction in LME price by USD 810/MT (31 December 2021: USD 819/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.

Although the LME price assumption has decreased slightly compared to the previous year, however, the net carrying value of CGU is greater than its recoverable amount even with the assumption of premium considered zero (31 December 2021: 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 2022.

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.

5 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 2022	508,820	798,472	2,127,837	67,670	3,502,799
Additions	4,166	2,473	21,279	73,195	101,113
Transfers	13,577	13,612	9,850	(37,039)	-
Written off	-	-	(3,158)	-	(3,158)
Disposal	(2,143)	(248)	(2,577)	-	(4,968)
Reclassification*	145,165	(2,820)	(142,345)	-	-
At 31 December 2022	669,585	811,489	2,010,886	103,826	3,595,786
Depreciation and amortization:					
At 1 January 2022	160,061	350,163	1,084,893	-	1,595,117
Charge for the year	15,816	25,754	85,125	-	126,695
Written off during the year	-	-	751	-	751
Relating to written off assets	-	-	(3,158)	-	(3,158)
Relating to disposals	(1,420)	(197)	(2,529)	-	(4,146)
Reclassification*	(4,830)	844	3,986	-	-
At 31 December 2022	169,627	376,564	1,169,068	-	1,715,259
Net carrying value:					
At 31 December 2022	499,958	434,925	841,818	103,826	1,880,527

	<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 2021	474,775	795,986	2,076,587	82,830	3,430,178
Additions	302	536	28,760	50,983	80,581
Transfers	34,309	2,576	29,258	(66,143)	-
Written off	-	-	(5,090)	-	(5,090)
Disposals	(566)	(626)	(1,678)	-	(2,870)
At 31 December 2021	508,820	798,472	2,127,837	67,670	3,502,799
Depreciation and amortization:					
At 1 January 2021	145,848	327,018	1,006,728	-	1,479,594
Charge for the year	14,439	23,685	82,730	-	120,854
Written off during the year	-	-	2,058	-	2,058
Relating to written off assets	-	-	(5,090)	-	(5,090)
Relating to disposals	(226)	(540)	(1,533)	-	(2,299)
At 31 December 2021	160,061	350,163	1,084,893	-	1,595,117
Net carrying value:					
At 31 December 2021	348,759	448,309	1,042,944	67,670	1,907,682

*Property, plant and equipment reclassified under same captions with no impact on depreciation.

As at 31 December 2022, net carrying value of land and buildings includes right-of-use assets of BD 3,986 thousand (2021: BD 4,354 thousand) related to leased properties that do not meet the definition of investment property (refer note 21).

Land and buildings

Land and buildings include freehold land at a cost of BD 453 thousand as at 31 December 2022 (2021: BD 453 thousand).

Right-of-use assets

As at 31 December 2022, the net carrying values of land and buildings and plant, machinery and other equipment include right-of-use assets amounting to BD 3,986 thousand (2021: BD 4,354 thousand) and BD 779 thousand (2021: BD 775 thousand), respectively.

5 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group is using land leased from the Government of Bahrain for the operations of lines 3, 4, 5 and land leased from The Bahrain Petroleum Company B.S.C. (c) (BAPCO) for its calciner operations. These leases are 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.

Depreciation and amortisation

The depreciation and amortisation charge is allocated to cost of sales, administration expenses and selling and distribution expenses in the consolidated statement of profit or loss, as follows: (note 23)

	2022 BD '000	2021 BD '000
Cost of sales	124,800	118,544
General and administrative expenses	2,621	4,342
Selling and distribution expenses	25	26
	<u>127,446</u>	<u>122,912</u>

6 INVENTORIES (LOWER OF COST AND NET REALISABLE VALUE)

	2022 BD '000	2021 BD '000
Raw materials	77,020	46,842
Work-in-process	110,693	99,689
Goods in transit	50,237	48,817
Finished goods	99,701	74,798
Spares (net of provision of BD 4,910 thousand (2021: BD 1,810 thousand))	33,891	32,689
	<u>371,542</u>	<u>302,835</u>

Movements in the provision for slow moving spares were as follows:

	2022 BD '000	2021 BD '000
At 1 January	1,810	1,832
Charged/ (reversed) for the year in cost of sales	3,100	(22)
At 31 December	<u>4,910</u>	<u>1,810</u>

7 TRADE AND OTHER RECEIVABLES- NON CURRENT

	2022 BD '000	2021 BD '000
Other receivables - related parties (net of impairment allowance of BD 5,897 thousand (2021: Nil)) (note 27)	3,013	-
	<u>3,013</u>	<u>-</u>

7 TRADE AND OTHER RECEIVABLES- CURRENT

	2022 BD '000	2021 BD '000
Trade receivables - others (net of allowance for ECL of BD 1,846 thousand (2021: BD 307 thousand)) (note 28)	186,155	268,254
Trade receivables (subject to provisional pricing) - fair value (note 29)	25,649	23,752
Trade receivables - related parties (net of impairment allowance of BD Nil (2021: BD 7,944)) (note 27)	6,396	4,733
	<u>218,200</u>	<u>296,739</u>
Other receivables - related parties (net of impairment allowance of BD 900 thousand (2021: Nil)) (note 27)	460	884
Advances to suppliers	4,640	3,885
Prepayments	1,393	3,639
Other receivables (net of provision of BD 118 thousand (2021: BD 118 thousand))	7,250	6,799
VAT receivable	11,246	6,492
	<u>243,189</u>	<u>318,438</u>

7 TRADE AND OTHER RECEIVABLES (continued)

Movement in provision for trade and other receivables were as follows:

	Trade receivables		Other receivables	
	2022	2021	2022	2021
	BD '000	BD '000	BD '000	BD '000
At 1 January	8,251	6,670	118	121
Transfer of provision of trade receivables to Other receivables (note 7).	(7,944)	-	7,944	-
Utilised from above (refer note below)	-	-	(1,147)	-
Provision during the year	1,552	3,036	-	-
Write off against provision (note 27)	(13)	(1,455)	-	(3)
At 31 December	1,846	8,251	6,915	118

Break down of Non current and current portion of Other receivables- related parties is as follows:

	2022	2021
	BD '000	BD '000
Non current portion (net of impairment allowance of BD 5,897 thousand (2021:Nil))	3,013	-
Current portion (net of impairment allowance of BD 900 thousand (2021:Nil))	460	884
	3,473	884

During current year the Group have transferred the old trade receivable from GARMCO based on the GARMCO restructuring plan approved by the Court, to other receivables along with the associated provision.

As part of restructuring plan the existing receivable have been restructured to (i) Interest free debt (BD 2,127 thousand), (ii) Interest bearing debt (BD 6,270 thousand) and (iii) subordinate debt (BD 3,020 thousand) with a semi-annual repayment schedule up to 31 December 2033, commencing 31 December 2022.

For the interest bearing debt, the interest rate will be calculated based on screen rate along with Credit Adjustment Spread (CAS) plus margin of 2% per annum on the outstanding amount. If GARMCO fails to pay any amount payable by it as per restructuring plan, the interest will be calculated at a rate of Screen Rate along with CAS 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 was carrying a provision of BD 7,944 thousand against the outstanding debt on the other receivable out of which BD 1,147 thousand is utilised against the same.

8 CASH AND CASH EQUIVALENT

	2022	2021
	BD '000	BD '000
Cash at bank:		
- Current accounts	25,786	22,349
- Call accounts	32,986	48,699
- Short term deposits	34,793	22,198
Cash in hand	52	65
Bank balances and cash in consolidated statement of financial position	93,617	93,311
Restricted cash (Deposit pledged against short term borrowings)	-	(9,392)
Cash and cash equivalents	93,617	83,919

A major portion of the bank balances is held with financial institutions in the Kingdom of Bahrain and these balances are denominated in Bahraini Dinars, US Dollars and Euros. The call accounts earn interest and the effective interest rate as of 31 December 2022 is 0.1% to 3.5% (2021: 0.1% to 2.1%). Short term deposits earn interest at 1.7% p.a for EUR and 5.68% for USD p.a for the whole year (2021: 0.25% to 0.47% p.a for EUR and Nil for USD) and have maturities less than three months.

9 SHARE CAPITAL

	2022	2021
	BD '000	BD '000
Authorised 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	142,000	142,000

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

Categories	2022			2021		
	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%	86,024,079	2,864	6.08	85,141,680	3,029	6.02
1% up to less than 5%	51,448,921	2	3.63	51,948,421	2	3.67
5% up to less than 20%	-	-	-	-	-	-
20% up to less than 50%	292,804,000	1	20.69	292,804,000	1	20.69
50% and above	985,196,000	1	69.60	985,196,000	1	69.62
	1,415,473,000	2,868	100.00	1,415,090,101	3,033	100.00

- i) The Company has only one class of equity shares and the holders of these shares have equal voting rights.
- ii) Total number of shares owned by the directors of the Company as at 31 December 2022 was 1,281,000 shares (2021: 1,281,000 shares).
- iii) As at 31 December 2022, Bahrain Mumtalakat Holding Company B.S.C. (c) held 69.38% (31 December 2021: 69.38%) of the total share capital of the Company.
- iv) As at 31 December 2022, Sabic Industrial Investment Co. held 20.62% (31 December 2021: 20.62%) of the total share capital of the Company.

10 TREASURY SHARES

Treasury shares held by the Group as of 31 December were:

2022		2021	
No of shares	BD '000	No of shares	BD '000
4,527,000	4,831	4,909,899	3,742

- i) Included in treasury shares are 697,000 shares (2021: 697,000) that were an excess in the Employees' Stock Incentive Plan [note 17 (c)].
- ii) The transactions with value date post 31 December 2022 totalling Nil shares, were not accounted in the Treasury Shares for the year (2021: Nil).
- iii) The Board of Directors authorised the Company to purchase its own shares for a total cost amounting to BD 10,000 thousand (2021: BD 10,000 thousand).

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss 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:

	2022	2021
Profit for the year - BD '000	<u>416,167</u>	<u>451,870</u>
Weighted average number of shares, net of treasury shares - thousands of shares	<u>1,416,113</u>	<u>1,414,759</u>
Basic and diluted earnings per share (fils)	<u>294</u>	<u>319</u>

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.

12 STATUTORY RESERVE

A ten percent (10%) of the net profits shall be deducted every year and set aside to the statutory (legal) reserve, unless the memorandum of association specify a higher percentage. Such deduction may be suspended if the reserve exceeds fifty percent (50%) of the paid-up capital, unless the company's memorandum of association provide for a higher percentage. However, if the statutory reserve falls below the said percentage, deduction shall resume until the reserve reaches the said percentage.

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.

13 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.

14 DIVIDEND PROPOSED AND PAID

The Board of Directors recommended a final dividend of BD 0.0857 per share (excluding treasury shares) totaling BD 121,306 thousand for 2022. The final dividend is subject to the approval of the Company's shareholders at the Annual General Meeting to be held on 26 February 2023.

On August 11 2022, the Board of Directors approved to pay an interim dividend BD 0.03188 per share (excluding treasury shares) totaling BD 45,123 thousand which was fully paid on 1 September 2022.

At the Annual General Meeting held on 10 March 2022, the Company's shareholders approved final dividend of BD 0.5314 per share (excluding treasury shares) totaling BD 75,316 thousand relating to 2021, which has been fully paid as of 31 December 2022.

15 LOANS AND BORROWINGS

	2022			2021
	Non-current BD '000	Current BD '000	Total BD '000	Total BD '000
<u>Unsecured loans and borrowings</u>				
Line 6 Refinancing Term Loan Facility [1]	318,726	32,834	351,560	496,320
Line 6 Euro SERV Loan [2]	77,186	10,324	87,510	105,086
Line 6 USD SERV Loan [2]	72,267	9,653	81,920	91,573
Line 6 Hermes 1 Covered Facility [3]	9,859	1,357	11,216	13,505
Line 6 Hermes 2 Covered Facility [4]	10,391	1,896	12,287	15,234
Line 6 BPAI Covered Facility [5]	28,067	4,926	32,993	40,729
Line 6 EDC Covered Facility [6]	25,322	5,064	30,386	35,450
Line 6 JBIC / NEXI 2 Covered Facility [7]	-	-	-	23,060
SINOSURE USD ECA FACILITY [8]	3,303	-	3,303	-
Working capital revolving credit [9]	-	63,920	63,920	133,932
Total loans and borrowings	545,121	129,974	675,095	954,889
Less: unamortised transaction costs	(30,056)	(4,285)	(34,341)	(27,739)
Less: Deferred cost of IRS	(9,967)	(1,574)	(11,541)	-
Net loans and borrowings	505,098	124,115	629,213	927,150
Payable after one year			505,098	703,559
Payable within one year			124,115	223,591
			629,213	927,150

[1] 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 BD 469.05 million (USD 1,247.48 million) comprising two tranches; BD 202.09 million (USD 537.475 million) as a conventional credit facility and BD 266.96 million (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 starting from October 2022. During the current year, the Group have prepaid an amount of BD 113 million (USD 300 million). The new term loan facility carries interest linked to secured overnight financing rate (SOFR).

[2] Euro and 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 Euro 314 million and USD 310 million. Commerzbank Finance & Covered Bond S.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-four semi-annual instalments started from December 2019. Euro SERV loan and USD SERV loan carry interest at EURIBOR plus 0.65% (2021: EURIBOR plus 0.65%) and LIBOR plus 0.90% (2021: LIBOR plus 0.90%) respectively.

15 LOANS AND BORROWINGS (continued)

[3] Line 6 Hermes 1 Covered Facility

On 30 April 2017, the Group entered into an Export Credit Financing (Euler Hermes covered facilities) with Citibank N.A London for Euro 50 million. Commerzbank Finance & Covered Bond S.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-four semi-annual instalments which started from October 2019. Hermes 1 Covered Facility carries interest at EURIBOR plus 0.55% (2021: EURIBOR plus 0.55%).

[4] Line 6 Hermes 2 Covered Facility

On 24 October 2017, the Group entered into an Export Credit Financing (Euler Hermes covered facilities) with Commerzbank for Euro 47 million. Commerzbank Finance & Covered Bond S.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 which started from July 2019. Hermes 2 Covered Facility carries interest at EURIBOR plus 0.55% (2021: EURIBOR plus 0.55%).

[5] Line 6 BPAI Covered Facility

On 2 January 2018, the Group entered into an Export Credit Financing agreement amounting to Euro 156 million. Standard Chartered Bank is the agent for this facility and the lenders are Citibank N.A London, Credit Agricole Corporate Investment Bank and Standard Chartered Bank. This loan was obtained to finance capital expenditure requirements for Line 6 Expansion Project. The loan is repayable in twenty semi-annual instalments which started from July 2019. BPAI Covered Facility carries interest at EURIBOR plus 0.60% (2021: EURIBOR plus 0.60%).

[6] 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 which started from October 2019. EDC Covered Facility carries interest at LIBOR plus 0.725% (2021: LIBOR plus 0.725%).

[7] Line 6 JBIC / NEXI 2 Covered Facility

On 31 October 2018, the Group entered into an Export Credit Financing agreement amounting to Euro 90 million. BNP Paribas, Tokyo branch is the agent and lender for this facility and the other lender is Japan Bank For International Cooperation. This loan was obtained to finance capital expenditure requirements for Line 6 Expansion Project. The loan is repayable in twenty semi-annual instalments which started from March 2019. JBIC / NEXI 2 Covered Facility carries interest at EURIBOR plus 0.60% (2021: EURIBOR plus 0.60%). Loan is fully repaid on 15 September 2022.

[8] 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. 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 which will start from June 2024. Sinosure Covered Facility carries interest at SOFR plus 1.35%.

[9] 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 rates ranging from 0.9% to 1.2% (2021: 0.80% to 3.9%).

The Group is required to ensure that the (i) debt covenant of outstanding loans and borrowings should not exceed 500 percent of EBITDA ii) tangible net worth shall not be less than BD 940,000 thousand and (iii) debt service cover ratio shall not be less than 1.1:1 for new term loans as disclosed below and 300 percent of EBITDA and 1.4:1 for remaining loans and borrowings during each period of twelve months ending on or about the last day of each financial half-year of the Group. If the conditions are not met, these outstanding loans and borrowings will be repayable on demand.

All loans and borrowings have requirements to meet certain financial and non-financial covenants and there is no instance of non-compliance at the reporting date.

As at 31 December 2022, the Group is compliant with the covenants clauses relating to Leverage Ratio, tangible net worth and Debt Service Cover Ratio.

Aluminium Bahrain B.S.C.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2022

16 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Short term borrowings used for cash management purposes	Other loans and borrowings	Accrued interest	Lease liabilities	At Fair through Profit and loss	Cash flow hedge - other comprehensive income	Share capital	Treasury shares	Reserves	Cash Flow Hedge Reserve	Retained Earnings	Total
2022						BHD '000						
Balance as at 01 January 2022	133,932	793,218	5,507	5,550	79	(944)	142,000	(3,742)	71,249	944	1,292,569	2,440,362
Change from financing cash flows												
Proceeds from short term borrowings	539,999	-	-	-	-	-	-	-	-	-	-	539,999
Proceeds from long term borrowings	-	3,303	-	-	-	-	-	-	-	-	-	3,303
Proceeds from sale of treasury sales	(610,011)	-	-	-	-	-	-	9,598	-	-	-	9,598
Repayments of short term borrowings	-	-	-	-	-	-	-	-	-	-	-	(610,011)
Repayments of loans and borrowings	-	(198,157)	-	-	-	-	-	-	-	-	-	(198,157)
Purchase of treasury shares	-	-	-	-	-	-	-	(10,153)	-	-	-	(10,153)
Payment lease liabilities	-	-	-	(706)	-	-	-	-	-	-	-	(706)
Settlement of derivatives and old IRS	-	-	-	-	-	12,227	-	-	-	(14,410)	-	(2,183)
Interim dividend payment	-	-	-	-	-	-	-	-	-	-	(120,439)	(120,439)
Payment of interest and other costs	-	-	(33,145)	(188)	-	-	-	-	-	-	-	(33,333)
Total changes from financing cashflows	(70,012)	(194,854)	(33,145)	(894)	-	12,227	-	(555)	-	(14,410)	(120,439)	(422,082)
Effect of change in foreign exchange rates	-	(14,928)	-	-	-	-	-	-	-	-	-	(14,928)
Changes in fair value - OCI	-	-	-	-	-	(36,492)	-	-	-	36,492	-	-
Changes in fair value - P&L	-	-	-	-	(85)	-	-	-	-	-	-	(85)
Other changes - liability related	(70,012)	(209,782)	(33,145)	(894)	(85)	(24,265)	-	(555)	-	22,082	(120,439)	(437,096)
New leases	-	-	-	523	-	-	-	-	-	-	-	523
Other costs	-	(18,143)	33,366	188	-	-	-	-	-	2,183	-	17,594
Total liability related changes	-	(18,143)	33,366	711	-	-	-	-	-	2,183	-	18,117
Total equity related changes	-	-	-	-	-	-	-	(534)	-	-	416,701	416,167
Total changes	(70,012)	(227,925)	221	(183)	(85)	(24,265)	-	(1,089)	-	24,265	296,262	(2,811)
Balance as at 31 December 2022	63,920	565,293	5,728	5,367	(6)	(25,209)	142,000	(4,831)	71,249	25,209	1,588,831	2,437,551

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Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

16 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Liabilities			Derivative (assets) / liabilities held to hedge long term borrowings				Equity			Total	
	Short term borrowings used for cash management purposes	Other loans and borrowings	Accrued Interest	Lease liabilities	At Fair through Profit and loss	Cash flow hedge - other comprehensive income	Share capital	Treasury shares	Reserves	Cash Flow Hedge Reserve		Retained Earnings
2021												
												BHD '000
Balance as at 01 January 2021	153,890	870,244	6,676	6,554	(5)	8,300	142,000	(2,589)	71,249	(8,300)	877,193	2,125,212
<i>Change from financing cash flows</i>												
Proceeds from short term borrowings	787,243	-	-	-	-	-	-	-	-	-	-	787,243
Proceeds from sale of treasury sales	-	-	-	-	-	-	-	6,468	-	-	-	6,468
Repayments of short term borrowings	(807,201)	-	-	-	-	-	-	-	-	-	-	(807,201)
Repayments of loans and borrowings	-	(73,586)	-	-	-	-	-	-	-	-	-	(73,586)
Purchase of treasury shares	-	-	-	-	-	-	-	(6,501)	-	-	-	(6,501)
Payment lease liabilities	-	-	-	(1,004)	-	-	-	-	-	-	-	(1,004)
Settlement of derivatives	-	-	-	-	(1)	(2,597)	-	-	-	-	-	(2,598)
Interim Dividend Payment	-	-	-	-	-	-	-	-	-	-	-	(37,614)
Payment of interest and other costs	-	-	(26,713)	(186)	-	-	-	-	-	-	-	(26,899)
Total changes from financing cashflows	(19,958)	(73,586)	(26,713)	(1,190)	(1)	(2,597)	-	(33)	-	-	(37,614)	(161,692)
Effect of change in foreign exchange rates	-	(14,249)	-	-	-	-	-	-	-	-	-	(14,249)
Changes in fair value - OCI	-	-	-	-	-	(6,647)	-	-	-	6,647	-	-
Changes in fair value - Profit or loss	-	-	-	-	85	-	-	-	-	-	-	85
Other changes - liability related interest expense and other costs	(19,958)	(87,835)	(26,713)	(1,190)	84	(9,244)	-	(33)	-	6,647	(37,614)	(175,856)
Total liability related changes	-	10,809	25,544	186	-	-	-	-	-	2,597	-	39,136
Total equity related changes	-	10,809	25,544	186	-	-	-	-	-	2,597	-	39,136
Total changes	(19,958)	(77,026)	(1,169)	(1,004)	84	(9,244)	-	(1,120)	-	-	452,990	451,870
Balance as at 31 December 2021	133,932	793,218	5,507	5,550	79	(944)	142,000	(3,742)	71,249	9,244	415,376	315,150
										944	1,292,569	2,440,362

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Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

17 EMPLOYEE BENEFITS

(a) Defined benefit scheme - leaving indemnity

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

	2022 BD '000	2021 BD '000
Provision as at 1 January	1,704	1,619
Provided during the year (note 23)	1,552	1,734
Employees' end of service benefits paid	(1,855)	(1,649)
Provision as at 31 December	1,401	1,704

(b) Defined contribution schemes

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

	Alba Savings Benefit Scheme		Social Insurance Organisation	
	2022 BD '000	2021 BD '000	2022 BD '000	2021 BD '000
Provision as at 1 January	1,858	1,467	902	1,213
Expense recognised in the consolidated statement of profit and loss (note 23)	5,549	5,404	7,528	6,799
Contributions paid	(4,965)	(5,013)	(7,726)	(7,110)
Provision as at 31 December (note 19)	2,442	1,858	704	902

(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 2022 (2021: 697,000 shares).

18 TAXATION

Taxation pertains to the Group's subsidiary in the United States of America and the normalised tax rate was 23.59% as of 31 December 2022 (2021: 23.30%). 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.

	2022 BD '000	2021 BD '000
<i>Current (asset) / liability</i>		
Current year	(736)	137
<i>Recognised in consolidated statement of profit or loss</i>		
Current year expense	387	1,108
Deferred tax expense / (benefit)	18	(35)
	405	1,073

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.

Aluminium Bahrain B.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

18 TAXATION (continued)

	2022 BD '000	2021 BD '000
Deferred tax asset	84	101
Deferred tax liability	(3)	(2)
Deferred tax asset - net	<u>81</u>	<u>99</u>
	2022 BD '000	2021 BD '000
The deferred tax asset comprises the following temporary differences:		
Deductible temporary differences	354	432
Taxable temporary differences	(13)	(9)
	<u>341</u>	<u>423</u>

19 TRADE AND OTHER PAYABLES

	2022 BD '000	2021 BD '000
Trade payables - related parties (note 27)	21,231	32,834
Trade payables - others	88,491	78,225
	<u>109,722</u>	<u>111,059</u>
Employee related accruals (i)	33,821	46,504
Accrued expenses	8,340	24,130
Alba Savings Benefit Scheme [note 17(b)]	2,442	1,858
Social Insurance Organisation [(note 17(b))]	704	902
Advances from customers	3,716	1,353
	<u>158,745</u>	<u>185,806</u>

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

20 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 BD '000	2021 BD '000
<u>Classified in the consolidated statement of financial position as follows:</u>		
Negative fair values - liabilities current portion arising from interest rate swap (IRS)	-	1,294
Negative fair values - liabilities current portion arising from commodity futures	-	79
	<u>-</u>	<u>1,373</u>
Positive fair values - assets non-current portion arising from IRS	(18,095)	(2,238)
	<u>(18,095)</u>	<u>(2,238)</u>
Positive fair values - assets current portion arising from IRS	(7,114)	-
Positive fair values - assets current portion arising from commodity futures	(6)	-
	<u>(7,120)</u>	<u>-</u>
Total	<u>(25,215)</u>	<u>(865)</u>

Recognised in consolidated statements of profit or loss as follows:

Changes in fair value of derivative financial instruments related to:

Commodity futures (FVTPL) recognised in statement of profit or loss

	85	(85)
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Interest rate swap (FVTPL) recognised in other comprehensive income (note i)

	36,492	6,647
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Realised loss on settlement of IRS (ii)

	(2,183)	(2,597)
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Realised gain on settlement of old IRS (refer note below in Interest rate swaps)

	14,410	-
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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) This represents the difference between the Mark-to-Market (MTM) value of IRS as on 31 December 2022 and 28 April 2022 and the old IRS between 31 December 2021 to 28 April 2022 which have been adjusted in consolidated statement of changes in equity upon settlement as confirmed by the respective counter party in IRS transactions as disclosed below.

(ii) This represents the realised loss or gain arising on settlement of IRS at the time of interest payment relating to hedged portion of borrowings, which is transferred to finance costs in consolidated statement of profit or loss from cash flow hedge reserve upon settlement.

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

Interest rate swaps

On 26 May 2022, the Group entered into new amortised interest rate swap contract with National Bank of Bahrain B.S.C., to hedge USD 6 months SOFR cash flows attributable to new term loan availed on 26 April 2022 as disclosed in note 15, for the notional amount BD 232,180 thousand out of total refinancing amount of BD 469,051 thousand as on 31 December 2022. 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).

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

On 28 April 2022, the previous interest rate swap contract designated as cash flow hedging instrument related to old term loan facility has been reclassified to trading instrument and related cumulative fair value gain of BD 14,410 thousand, was reclassified to consolidated statement of profit or loss in finance costs, from cash flow hedge reserve. The contract was unwound on 26 May 2022 and the impact of fair value amount was recognised in consolidated statement of profit and loss. The net gain amounting to BD 12,590 thousand as at 26 May 2022 from the old derivative financial instruments is recognised as deferred cost which will be adjusted with cash settlement of the fixed rate leg of the new interest rate swap contract over the term of the contract. The interest rate has been reduced to adjust the realised gain on the old interest rate swap.

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.

Commodity futures

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

The Group entered into commodity futures contracts to reduce the price risk on behalf of its customers for 4,250 metric tonnes (2021: 7,825 metric tonnes) and these mature between one to six months from the reporting date.

In December 2022 Alba entered into derivative transactions as a partial hedge (for a very small percentage of production) against LME price movements. For the current year, these are being measured at fair value, i.e. not applying hedge accounting. Therefore changes therein are recognised in the consolidated statement of profit or loss. Commodity future contracts were entered into for 7,500 metric tonnes (2021: nil) and these mature between one to three months from the reporting date.

21 LEASES**Leases as lessee**

The Group leases industrial land, vehicles and apartments. The leases typically run for a period ranging from 2 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. No leases provide for additional rent payments that are based on changes in local price index. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below.

i. 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.

	<i>Land and buildings BD '000</i>	<i>Plant, machinery and other equipment BD '000</i>	<i>Total BD '000</i>
2022			
Balance at 1 January	4,354	775	5,129
Depreciation charge for the year	(368)	(519)	(887)
Additions to right-of-use assets	-	523	523
Balance at 31 December	3,986	779	4,765

	<i>Land and buildings BD '000</i>	<i>Plant, machinery and other equipment BD '000</i>	<i>Total BD '000</i>
2021			
Balance at 1 January	4,520	1,713	6,233
Depreciation charge for the year	(166)	(938)	(1,104)
Balance at 31 December	4,354	775	5,129

ii. Lease liabilities under IFRS 16

	2022 BD '000	2021 BD '000
Non-current portion	4,752	4,864
Current portion	615	686
	5,367	5,550

Effective interest on lease liabilities ranges from 1.99% to 6.00% (2021: 1.99% to 6.00%).

iii. Amounts recognised in consolidated statement of profit or loss

	2022 BD '000	2021 BD '000
<i>Leases under IFRS 16</i>		
Interest on lease liabilities	188	186
Depreciation	887	1,104
Expenses relating to short-term leases	938	1,073
	2,013	2,363

iv. Amounts recognised in consolidated statement of cash flows

	2022 BD '000	2021 BD '000
Total cash outflow for lease liabilities	706	1,004

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21 LEASES (continued)

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

22 OTHER INCOME - NET

	2022 BD '000	2021 BD '000
Sale of water	1,237	1,680
Interest income	1,081	346
Loss on disposal of property, plant and equipment	-	(361)
Bad debts written off recovered	1,422	-
Miscellaneous	1,290	675
	5,030	2,340

23 EXPENSES BY NATURE

	2022 BD '000	2021 BD '000
Changes in inventories of finished goods and work in progress	(4,925)	(47,265)
Inventories recognised as an expense in cost of sales	1,022,276	785,668
Depreciation and amortisation	127,446	122,912
Staff costs (ii)	98,187	122,718
Spares & Consumables	41,607	35,761
Contracted Repairs	26,601	23,252
Insurance	14,024	11,064
Freight	77,276	41,277
Other expenses (net of sale of electricity of BD Nil (2021: BD 1,560 thousand) (note 27))	13,613	6,232
Total cost of sales, general and administrative expenses, selling and distribution expenses	1,416,105	1,101,619

(i) Break-down of expenses is as follows:	2022 BD '000	2021 BD '000
Cost of sales	1,295,314	1,007,802
General and administrative expenses	38,555	48,933
Selling and distribution expenses	82,236	44,884
	1,416,105	1,101,619

(ii) Break-down of staff costs is as follows:	2022 BD '000	2021 BD '000
Wages and salaries	73,332	98,573
Social Insurance Organisation [note 17(b)]	7,528	6,799
Alba Savings Benefit Scheme [note 17(b)]	5,549	5,404
Payments to contractors	7,701	7,243
Employees' end of service benefits [note 17(a)]	1,552	1,734
Indirect benefits (housing, education)	2,313	2,774
Others	212	191
	98,187	122,718

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

	2022 BD '000	2021 BD '000
Cost of sales	80,730	94,973
General and administrative expenses	15,283	25,335
Selling and distribution expenses	2,174	2,410
	98,187	122,718

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24 FINANCE COSTS

	2022	2021
	BD '000	BD '000
Interest on loans and borrowings	32,870	37,405
Interest on advances received from customers	4	300
Interest on lease liabilities	188	186
Bank charges	304	1,245
Unwinding of realised gain on settlement of Old IRS from Cash flow hedge reserve	(14,410)	-
	<u>18,956</u>	<u>39,136</u>

25 COMMITMENTS AND CONTINGENCIES

a) Commitments

	2022	2021
	BD '000	BD '000
<i>Physical metal commitments</i>		
Sales commitments : 4,250 metric tonnes (2021: 7,825 metric tonnes)	<u>3,821</u>	<u>8,227</u>

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 115,823 thousand (2021: BD 20,862 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

Letters of credit

At 31 December 2022, the Group has outstanding letters of credit to counterparties of BD Nil thousand (2021: BD 3,818 thousand).

b) Contingencies

(i) The Company is party to ongoing labour claims and disputes. Based on the advice of the Company's external legal counsel, the management is of the opinion that the Company has strong grounds to successfully defend itself against these claims. The total amount of claims ascertained against the Company amounting to BD 98 thousand (2021: BD 3 thousand). The Management believes that there is no provision required against these claims.

(ii) Under an employee scheme, the Group has issued guarantees to financial institutions in the Kingdom of Bahrain in relation to the mortgage loans of its employees to the extent of their cumulative balance in the Alba saving scheme. The total value of these letters of guarantee is BD 16,346 thousand (2021: BD 18,036 thousand).

At 31 December 2022, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 12,921 thousand (2021: 12,921 thousand) from which it is anticipated that no material liabilities will arise.

26 OPERATING SEGMENT INFORMATION

As on 31 December 2022, the Group has a single reportable 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 is provided as this disclosure will be identical to the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position of the Group.

(a) Product

An analysis of revenue from contracts with customers by product is as follows:

	2022	2021
	BD '000	BD '000
Aluminium	1,844,865	1,564,843
Alumina trading	-	17,291
Calcined coke	-	3
Revenue from contracts with customers	<u>1,844,865</u>	<u>1,582,137</u>
Pricing adjustments*	<u>(3,941)</u>	<u>2,701</u>
Total revenue	<u>1,840,924</u>	<u>1,584,838</u>

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

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26 OPERATING SEGMENT INFORMATION (continued)

(b) Geographic information

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

	2022 BD '000	2021 BD '000
Kingdom of Bahrain	417,232	368,330
Europe	397,471	328,260
Rest of the Middle East and North Africa	386,394	314,776
Asia	281,888	337,130
Americas	357,939	236,342
Total revenue from contracts with customers	<u>1,840,924</u>	<u>1,584,838</u>

(c) Customers

Revenue from sale of aluminium to the three major customers of the Group amounted to BD 581,692 thousand with two customers accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2022 (three major customers of the Group amounted to BD 533,090 thousand with two customers accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2021)

27 RELATED PARTY TRANSACTIONS

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

Transactions with shareholders

The Company qualifies as a government related entity under the definitions provided in IAS 24. The Company purchases gas and receives services from various Government and semi-government organisation and companies in the Kingdom of Bahrain. Other than purchase of natural gas, such other transactions are in the normal course of business and are not considered to be individually significant in terms of size.

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

	2022 BD '000	2021 BD '000
Other related parties		
Sales of goods and interest income		
Sale of metal	116,924	108,241
Sale of water	1,126	1,596
Sale of electricity (netted against other expenses in note 23)	-	1,560
	<u>118,050</u>	<u>111,397</u>
Cost of sales and expenses		
Purchase of natural gas and diesel	249,007	235,448
Purchase of Aluminium scraps	11,024	-
Purchase of electricity (net)	4,490	3,289
Interest on loans and borrowings	1,114	2,137
Purchase of raw materials	1,575	-
Others	619	190
	<u>267,829</u>	<u>241,064</u>

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At 31 December 2022

27 RELATED PARTY TRANSACTIONS (continued)

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

	2022 BD '000	2021 BD '000
Other related parties		
Assets		
Trade receivables-net of impairment allowance (net of impairment allowance of BD Nil (2021: BD 7,944)) (note 7)	6,396	4,733
Other receivables - net of impairment allowance of BD 6,797 thousand (2021: Nil) (note 7)	3,473	884
Bank balances	1,104	1,243
Derivative financial instruments-Interest rate swap	25,209	944
	36,182	7,804
Liabilities		
Trade payables (note 19)	21,231	32,834
Loans and Borrowings	38,045	54,595
Interest payable on loans and borrowings	426	492
	59,702	87,921

Outstanding balances at year-end arise in the normal course of business are interest free, unsecured and payable on demand. For the year ended 31 December 2022, the Group recorded a specific impairment of BD Nil on amounts due from related parties, based on the management best expectation [2021: the Group recorded a specific impairment of BD 2,256 thousand (net of adjustment against other receivable balance amounting to BD 710 thousand) (note 7).

Compensation of key management personnel (KMP)

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

	2022 BD '000	2021 BD '000
Short term benefits	1,697	1,336
End of service benefits	143	69
Contributions to Alba Savings Benefit Scheme	99	87
	1,939	1,492

Director compensation during the year included Directors' remuneration of BD 412 thousand (2021: BD 420 thousand), attendance fees of BD 107 thousand (2021: BD 103 thousand), sitting fees of BD 72 thousand (2021: BD 72 thousand) and other reimbursement of BD 8 thousand (2021: BD 14 thousand)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28 RISK MANAGEMENT

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 and operational risk as part of its business activities.

Risk management framework

The Company'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 audit 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 Group audit 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 audit committee.

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 financial institutions, foreign exchange transactions 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:

	2022 BD '000	2021 BD '000
Cash at bank (note 8)	93,565	93,246
Trade receivables (note 7)	218,200	296,739
Other receivables (note 7)	10,723	7,683
	322,488	397,668

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. For receivable from a related party, a specific cash shortfall assessment is performed using inputs that are specific to the discussions being held with the related party (refer note 27).

2022	Exposure BD '000	Weighted average loss rate	Loss allowance BD '000
Current	146,302	0.01%	15
0 - 30 days	55,990	0.08%	42
31 - 360 days	8,787	12.11%	1,064
Over 360 days	725	100.00%	725
	211,804		1,846
2021	Exposure BD '000	Weighted average loss rate	Loss allowance BD '000
Current	288,210	0.02%	46
0 - 30 days	3,335	2.16%	72
31 - 360 days	421	35.39%	149
Over 360 days	40	100.00%	40
	292,006		307

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28 RISK MANAGEMENT (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 and none of these customer balances have been credit impaired or written off.

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 Group sells its products to a large number of customers. Its five largest customers, account for 27% of the outstanding trade receivables at 31 December 2022 (2021: 33%).

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 Company's terms of sale require amounts to be paid within 30 to 90 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 undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Carrying values BD '000	Gross Contractual Cashflows				
		Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
31 December 2022						
Loans and borrowings (including interest payable)	680,623	(80,439)	(85,344)	(352,498)	(300,545)	(818,826)
Derivative financial instruments	-	-	-	-	-	-
Trade and other payables	155,029	(155,029)	-	-	-	(155,029)
Lease liabilities	5,367	(165)	(541)	(1,175)	(5,282)	(7,163)
Total	841,019	(235,633)	(85,885)	(353,673)	(305,827)	(981,018)
		Gross Contractual Cashflows				
		Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
31 December 2021						
Loans and Borrowings (including interest payable)	960,396	(150,796)	(105,546)	(500,750)	(296,641)	(1,053,733)
Derivative financial instruments	1,373	-	(1,373)	-	-	(1,373)
Trade and other payables	184,453	(187,297)	-	-	-	(187,297)
Lease liabilities	5,550	(267)	(541)	(1,185)	(5,410)	(7,403)
Total	1,151,772	(338,360)	(107,460)	(501,935)	(302,051)	(1,249,806)

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

As disclosed in Note 15, the Group has bank loans that contains various loan covenants that are regularly reviewed and negotiated with its lenders. A future breach of covenant could require the Group to repay the loan earlier than indicated in the above table. The covenant is monitored on a regular basis by the finance department and regularly reported to management and board of directors to ensure compliance with the agreement.

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.

28 RISK MANAGEMENT (continued)

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.

The Group determines the existence of an economic relationship between hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivatives designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item by using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of hedged cash flows attributable to the change in interest rates; and
- difference in repricing dates between the swaps and borrowings.

Hedging relationships that are impacted by IBOR reform Phase 2 amendments, may experience ineffectiveness because of a timing mismatch between the hedged item and hedging instrument regarding IBOR transition. For details please refer to 'Management interest rate benchmark reform and associated risks' below.

The interest earned on overdue receivables is based on floating SOFR rate plus margin. The call accounts and short term deposits earn interest at commercial rates. The interest rates are disclosed in notes 8 and 15, as applicable.

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows:

	2022 BD '000	2021 BD '000
Variable rate instruments		
Financial assets	74,049	70,897
Financial liabilities	(675,095)	(954,889)
	(601,046)	(883,992)
Effect of interest rate swaps	232,180	248,160
	(368,866)	(635,832)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible changes of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2022				
Variable-rate instrument	(6,010)	6,010	-	-
Interest rate swaps	2,322	(2,322)	9,748	(10,425)
Cash flow sensitivity (net)	(3,688)	3,688	9,748	(10,425)
31 December 2021				
Variable-rate instrument	(8,840)	8,840	-	-
Interest rate swaps	2,482	(2,482)	8,412	(8,304)
Cash flow sensitivity (net)	(6,358)	6,358	8,412	(8,304)

28 RISK MANAGEMENT (continued)

Interest rate risk (continued)

Managing interest rate benchmark reform and any risks arising due to reform:

(i) Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract'). Out of the total borrowings, the Company have borrowing in USD LIBOR amounting to BD 112,306 thousand (31 December 2021: BD 623,343 thousand) and Interest rate swap on derivatives BD Nil (31 December 2021: BD 944 thousand).

The Group's remaining IBOR exposures at the reporting date are unsecured borrowings indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). In March 2021, the Financial Conduct Authority announced that US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after 30 June 2023. The Group had finished the process of implementing appropriate fallback clauses for US dollar LIBOR-indexed exposures by the end of 2021. These clauses automatically switch the instrument from USD LIBOR to SOFR when US dollar LIBOR either ceases to be provided or is no longer representative.

(ii) Non-derivative financial liabilities

The Group's IBOR exposure to non-derivative financial liabilities as at 31 December 2021 were unsecured borrowings indexed to US dollar LIBOR and Euribor. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allow market participants to continue to use Euribor for both existing and new contracts and the Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

(iii) Derivative

The Group holds interest rate swap for risk management purposes that are designated in cash flow hedging relationships. The interest rate swap has floating leg that is indexed to US dollar LIBOR. The Group's derivative instruments are governed by the contract based on the International Swaps and Derivatives Association (ISDA)'s Master Agreement. No derivative instruments have been modified as at 31 December 2022.

(iv) Hedge accounting

The Group's hedged items and hedging instruments as at reporting date are indexed to US dollar IBOR. This benchmark rate is quoted each day and IBOR cash flows are exchanged with its counterparties as usual.

The Group has measured its hedging instrument indexed to US dollar SOFR using available quoted market rates for SOFR-based instruments of the same tenor and similar maturity and has measured the cumulative change in present value of hedged cash flows on a similar basis.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to alternative benchmark rate where interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 1 January 2022 and 31 December 2022. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
31 December 2022		
<i>Financial liabilities</i>		
Unsecured borrowings	112,306	112,306
<i>Derivatives</i>		
Interest rate swaps*	-	-
1 January 2022		
<i>Financial liabilities</i>		
Unsecured borrowings	623,343	623,343
<i>Derivatives</i>		
Interest rate swaps*	(944)	(944)

*The Group's exposure to dollar LIBOR designated in a hedging relationship is BD 232,180 thousand nominal amount at 31 December 2022 attributable to the interest rate swap hedging dollar LIBOR cash flows on the principal amount of BD 496,320 thousand of the Group's dollar-denominated secured bank loan liability maturing in 2030.

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 futures commodity contracts, on behalf of customers, if agreed. The forecast is deemed to be highly probable.

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.

	Increase/ decrease in LME price	Effect on results for the year BD '000
2022	+30%	2.13
	-30%	(2.13)
2021	+30%	(23)
	-30%	23

28 RISK MANAGEMENT (continued)

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 Francs and Great Britain Pounds. The Group sometimes uses forward foreign exchange contracts to hedge against foreign currency payables. As of 31 December 2022 and 31 December 2021 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.

The table below indicates the Group's unhedged foreign currency exposures at 31 December, 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</i>	<i>Currency</i>	2022 <i>BD '000</i>	2021 <i>BD '000</i>
Bank balances	Euro	24,231	47,565
	Hongkong Dollar	28	-
	Swiss Francs	26	33
Receivables	Euro	41,179	57,954
Loans and Borrowings	Euro	144,006	197,614
Payables	Euro	1,514	4,630
	Great Britain Pounds	278	63
	Swiss Francs	40	42
	Canadian Dollar	38	-

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>	2022		2021	
	<i>Increase in</i>	<i>Effect on</i>	<i>Increase in</i>	<i>Effect on</i>
	<i>currency</i>	<i>results for</i>	<i>currency</i>	<i>results for</i>
	<i>rate to the</i>	<i>the year</i>	<i>rate to the</i>	<i>the year</i>
	<i>BD</i>	<i>BD '000</i>	<i>BD</i>	<i>BD '000</i>
<i>Euro</i>	+10%	(8,011)	+10%	(9,673)
<i>Swiss Francs</i>	+10%	(1)	+10%	(1)
<i>Great Britain Pounds</i>	+10%	(28)	+10%	(6)
<i>Hongkong Dollar</i>	+10%	3	+10%	-
<i>Canadian Dollar</i>	+10%	(4)	+10%	-
		(8,041)		(9,680)

28 RISK MANAGEMENT (continued)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements; and
- documentation of controls and procedures

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital management

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 for managing capital during the years ended 31 December 2022 and 31 December 2021. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital base in order to support its business and maximise shareholders' value.

The Group is not subject to externally imposed capital requirements, except those linked to certain debt covenants (refer note 15).

29 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 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 2022

	<i>Finance assets at amortised cost</i>		<i>Financial assets at fair value through profit or loss</i>	
	2022	2021	2022	2021
	BD '000	BD '000	BD '000	BD '000
Financial assets				
Cash at bank	93,565	93,246	-	-
Trade and other receivables	203,274	280,670	25,649	23,752
Derivative financial instruments	-	-	25,215	2,238
	296,839	373,916	50,864	25,990
	<i>Financial liabilities at amortised cost</i>		<i>Financial liabilities at fair value</i>	
	2022	2021	2022	2021
	BD '000	BD '000	BD '000	BD '000
Financial liabilities				
Loans and Borrowings	675,095	954,889	-	-
Trade and other payables	155,029	184,453	-	-
Derivative financial instruments	-	-	-	1,373
	830,124	1,139,342	-	1,373

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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:

- Receivables/borrowings are evaluated by the Group based on parameters such as specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the contract terms. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2022, 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).
- 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 forward 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 cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk.

Fair value hierarchy

As at 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021, 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 (2021: same).

The fair value of loans and borrowings approximate its carrying values as a significant portion of the liabilities are at variable interest rates which are repriced at short intervals.

The fair values of other financial instruments are not materially different from their carrying values as of the reporting date due to their short term nature.

30 ALBA SAVINGS BENEFIT SCHEME

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

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.

31 CORRESPONDING FIGURES

The corresponding's prior year figures have been regrouped, where necessary, in order to conform to current year's presentation. Such regroupings did not affect the previously reported net profit and comprehensive income for the year or total equity.

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5 The approval of the Board's recommendation to allocate the Net Profit for the year ended 31 December 2022 as follows:

- a. The distribution of cash dividends to shareholders at Fils 117.58 per share or 117.58% of the paid-up capital (inclusive of the interim dividends of Fils 31.88 per share which was already distributed to the shareholders by 01 September 2022), which is BD166,428,697 for the year ended 31 December 2022.

Below are the key dates to be taken note of:

Event	Date
Annual General Meeting	26 February 2023
Cum-Dividend Date (Last day of trading with entitlement to dividends)	02 March 2023
Ex-Dividend Date (First day of trading without entitlement to dividends)	05 March 2023
Record Date (The Day on which all shareholders whose names are on the share register will be entitled to dividends)	06 March 2023
Payment Date (The Day on which the dividends will be paid to the entitled shareholders subject to CBB approvals)	20 March 2023

- b. Transfer of BD249,745,000 to the Retained Earnings.



6 Approve the recommendation of the Board of Directors' total remuneration of BD412,000 for the year ended 31 December 2022 and subject to the approval of the Ministry of Industry and Commerce (Reference page 10 of 2021 CG Report and page XX of the AGM Pack)

BD'000s

Name	Fixed Remunerations				Variable Remunerations				End-of-Service Award	Aggregate Amount (Does not Include Expense Allowance)	Expenses Allowance
	Remunerations of the Chairman and	Total Allowance for Attending Board and Committee Meetings	Others	Total	Remunerations of the Chairman and	Incentive Plans	Others	Total			
First: Independent Directors											
Shaikh Daij bin Salman bin Daij Al Khalifa	60	30	-	90	-	-	-	-	-	90	
Yousif Taqi	40	19	-	59	-	-	-	-	-	59	
Shaikh Isa bin Khalid Al Khalifa	40	17	-	57	-	-	-	-	-	57	
Tim Murray	40	16	-	56	-	-	-	-	-	56	2.4
Mutlaq Al Morished	40	16	-	56	-	-	-	-	-	56	1.8
Second: Non-Executive Directors											
Suha Karzoon	40	17	-	57	-	-	-	-	-	57	
Rasha Sabkar	40	16	-	56	-	-	-	-	-	56	
Omar Al Amoudi	40	16	-	56	-	-	-	-	-	56	1.8
Ahmed Alduriaan	40	16	-	56	-	-	-	-	-	56	1.8
Iyad Al Garawi	32	16	-	48	-	-	-	-	-	48	
Third: Executive Directors (Not Applicable)											
Total	412	179	-	591	-	-	-	-	-	591	7.8



- 7 Discuss the Corporate Governance Report for 2022 and comply with the requirements of the Central Bank of Bahrain and the Ministry of Industry and Commerce in accordance with the sample prepared by the Ministry of Industry and Commerce – Annex No. 5 of the Corporate Governance Code**

CORPORATE **GOVERNANCE**



This report sets-out Alba's Corporate Governance Report as required by The Code (2018) and the CBB Module. The Corporate Governance Report for 2022 and for prior years can be viewed by visiting Alba website at **Corporate Governance | Kingdom of Bahrain** (albasmelter.com)

Actions Undertaken to Comply with 2018 Corporate Governance Code

Alba is committed to implement the Corporate Governance Code of the Kingdom of Bahrain (the "MOICT Code") and the Corporate Governance Module (the "CBB Module"). The Company pursues, where applicable, to exceed the minimum requirements set by the MOIC Code and the CBB Module as well as implement additional recommendations in line with international best practices. The Compliance with the Code is closely monitored by the Board Nomination, Remuneration and Corporate Governance Committee as well as Board Audit Committee through regular updates by the Corporate Governance Officer.

A Board approved 'Code of Conduct' - on par with leading international codes of ethics is established to set-out the required ethical conduct for all employees and representatives of the Company. Periodic awareness and trainings of the Code are being provided across Alba. The compliance with the Code of Conduct is monitored by Alba's Integrity Task Force, which reports directly to the Board Audit Committee through the Chief Internal Auditor, who acts as the Chairman of the Task Force. Monitoring tools include an independently operated confidential hotline along with a reporting system in multiple languages by phone and internet 24-hours a day and every day.

The Company has appointed a Corporate Governance Officer since September 2018 to ensure that policies and procedures are in accordance with the regulatory and legal requirements of the Corporate Governance Code of 2018.

Many policies were reviewed and enhanced, as part of Alba's

Corporate Governance Framework, to comply with the requirements of the Code and in line with best practices.

- **Level of Authority:** Alba's Board of Directors have approved an updated version of the Level of Authority on 11 May 2022 to regularize the current policy.
- **Anti-Competitive Policy:** Approved by the Board of Directors on 11 May 2022. This new Policy is designed for Alba and its employees to comply with various national/ international rules and laws, ensure competition is maintained between businesses within the international entities, regulate anti-competitive conduct as well as protect consumers from monopolies that artificially inflate prices.
- **Dividend Policy:** Approved by the Board of Directors on 28 September 2022. This new Policy aims to adopt a balanced and equitable approach which enables Alba to decrease its overall debt, reduce interest cost and grow dividend in the medium-term while opening ways for value creation opportunities.
- **Executive & ESG Committee Charter:** Following the Board's approvals to change the name of the Executive Committee to Executive & ESG Committee on 12 May 2022, the Board of Directors have approved to change the Charter's name of this Committee to Executive & ESG Committee Charter on 28 September 2022.
- **Code of Conduct:** Approved by the Board of Directors on 28 September 2022. The revised Code of Conduct was refreshed to take into consideration the latest policies introduced by the Company (Anti-Competitive Practices, Anti-Money Laundering, Anti-Bribery & Corruption, Key Persons Dealing Policy as well as Conflict of Interest).
- **Board Charter:** Alba's Board of Directors have approved an updated version of the Board Charter on 28 September 2022 to take into consideration the changes in the Executive & ESG Charter.



The Board of Directors assumed the responsibility of compliance with the provisions of the Code and CBB Module for year-ended 2022 (reference: page 14 of the Annual Report).

Board Composition

Name	Age* 31 Dec'22	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	53	2014	Masafat Travel & Tourism S.P.C.	Owner
Yousif A. Taqi	60	2008	Gulf Finance House (GFH) Financial Group B.S.C.	Board Director
			The Bahrain Petroleum Company (BAPCO)	Board Director
			Osool Asset Management BSC ©	Board Director
Suha S. Karzoon	47	2015	ASMA Limited	Board Director
			GAM S.P.C.	Board Director
			Mumtalakat Sukuk Holding Company	Board Director
			BMHC INV 2 & 3 W.L.L.	Board Director
			Bahrain Investment Holding Co. – Istithmar BSC ©	Board Director
			Jewel Holdings Limited	Board Director
			Zeus Dilmun Holding Limited	Board Director
			Khairat Al Bahrain 1 & 2 Holding W.L.L.	Board Director
			Muhaq W.L.L.	Board Director
			Murooj Al Bahrain Co. LTD	Board Director
			Bahrain National Dredging Company BSC ©	Board Director
Rasha Sabkar	52	2020	AtBahrain BSC ©	Board Director
			Bahrain Real Estate (Edamah)	Director
Shaikh Isa Bin Khalid Al Khalifa	43	2020	Economic Development Board (EDB)	Director
			Al-Dana International Company W.L.L.	Chairman
			Wedge Networks Inc. (Alberta, Canada)	Director
			Lazne Belohrad A.S. (Belohrad, Czech Republic)	Vice Chairman
Tim Murray	51	2020	Biotricity Inc. (Redwood City, California, USA)	Investor and Advisor
			Cardinal Virtues Consulting	CEO/Owner
Omar Abdullah Al Amoudi (Elected on 10 March 2019)	60	2019	Saudi Iron Company (Hadeed)	Chairman
Iyad Al Garawi	42	2020	Saudi Iron Company (Hadeed)	Board Director
			The Saudi Arabian Industrial Investments Co. (Dussur)	Board Director
Ahmed Al Duriaan	57	2020	GARMCO	Board Director
Mutlaq H. Al Morished (Elected Independent Director)	65	2015	National Metal Manufacturing & Casting (Maadaniyah)	Chairman
			National Industrialization Company (TASNEE)	CEO
			A.M. Bin Saedan Real Estate Co.	Board Member
			Saudi General Authority for Military Industries	Board Member
			Tronox	Board Member
			Citi Group Saudi Arabia	Board Member
			GCC Board Directors Institute	Board Member
			GPCA	Board Member



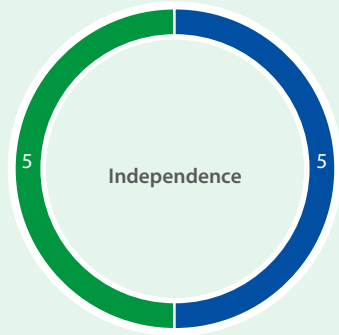
CORPORATE **GOVERNANCE**

Directors' Classification Based Upon Disclosures [independent versus non-independent and executive versus non-executive]

Board Members	Board	Audit Committee	NRCG Committee	Executive & ESG Committee	Categories of Directors	Rationale
Shaikh Daij Bin Salman Bin Daij Al Khalifa	✓ Chairman		✓ Chairman	✓ Chairman	Independent Non-executive	
Yousif A. Taqi	✓	✓ Chairman			Independent Non-executive	
Suha S. Karzoon	✓	✓			Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he/she is a director of the parent company or any of its subsidiaries or any of the company's associates in which he/she is a nominee for directorship
Rasha Sabkar	✓		✓		Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he/she is a director of the parent company or any of its subsidiaries or any of the company's associates in which he/she is a nominee for directorship
Tim Murray	✓			✓	Independent, Non-executive	
Shaikh Isa Bin Khalid Al Khalifa	✓	✓			Independent Non-executive	
Ahmed Alduriaan	✓		✓		Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he/she is a representative of a legal person who holds 10% or more of the shares of the company, parent company or any of its subsidiaries or associates
Iyad Al Garawi	✓	✓			Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he/she is a representative of a legal person who holds 10% or more of the shares of the company, parent company or any of its subsidiaries or associates
Omar Abdullah Al Amoudi	✓			✓	Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he/she is a representative of a legal person who holds 10% or more of the shares of the company, parent company or any of its subsidiaries or associates
Mutlaq H. Al Morished (Elected Director)	✓			✓	Independent Non-executive	

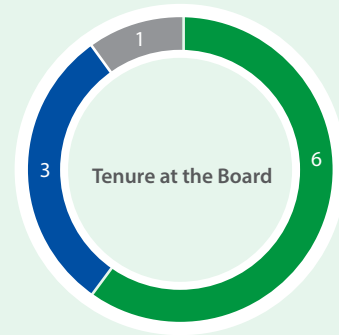


Directors' Classification

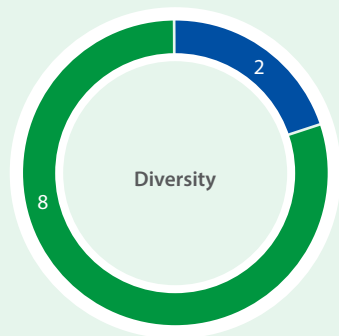


- 5 Non-independent Directors
- 5 Independent Directors

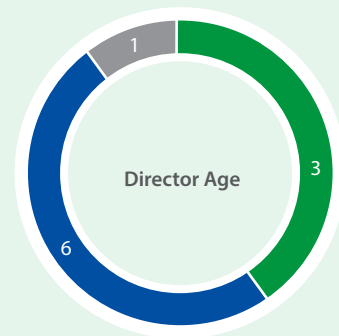
* All Directors are Non-Executive Directors



- 6 Directors: 01 - 05 Years
- 3 Directors: 06 - 10 Years
- 1 Director: 11+ Years in Alba



- 8 Male Directors
- 2 Female Directors



- 3 Directors: 40 - 50 Years
- 6 Directors: 51 - 60 Years
- 1 Director: 60+ Years



CORPORATE **GOVERNANCE**



**SHAIKH DAIJ BIN SALMAN
BIN DAIJ AL KHALIFA**
Chairman

Chairman of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Chairman of the Board Executive & Environment Social and Governance Committee

Chairman of the Nomination, Remuneration and Corporate Governance Committee

Non-Executive / Independent Member since 2014



EXPERIENCE

- Vice Chairman of United Arab Shipping Company (2012-2015)
- Chairman of General Organisation of Sea Ports (2006-2012)
- Board Member - United Arab Shipping Company (2006-2012)
- Chairman of Bahrain Airport Company (2008)
- Chairman of GCC Patent Office (2005)
- Board Member - Alba (2005-2006)
- Board Member - King Fahd Causeway Authority (1997-2005)
- Board Member - Bahrain Convention and Exhibition Authority (1997-2015)
- Seatrade Middle East & Indian Subcontinent Awards:
 - Lifetime Achievement' Award (2018)
 - The 'Maritime Seatrade Industry' Award (2015)
 - 'Personality of the Year' Award (2010)
- Maritime Standard Awards:
 - The 'Maritime Standard Editor's Choice Award (2016)



QUALIFICATION

B.S.B.A. International Business at The American University
Washington D.C., U.S.A. (1991)

Leadership Management Program (Gulf Executive Program) from the
University of Virginia, Darden School, U.S.A. (1999)



YOUSIF A. TAQI
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Chairman of the Board Audit Committee

Non-Executive / Independent Member since 2008



EXPERIENCE

- 30 years of experience in the financial services sector
- Recognised leader in the Islamic finance industry
- Currently, a Board Member of GFH Financial Group B.S.C., Bahrain Petroleum Company (BAPCO) and Osool Asset Management BSC ©
- He worked from 2006 -2018 as Chief Executive Officer of Al Salam Bank Bahrain B.S.C. Prior to that he worked as the Deputy General Manager of Kuwait Finance House - Bahrain B.S.C. © from 2004-2005
- 1983-2003, worked with Ernst & Young, Bahrain and was promoted to a partner in 1999, a position he held until 2003



QUALIFICATION

Certified Public Accountant

Bachelor of Accounting from Husson College, USA





SUHA KARZOOM
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Audit Committee
Non-executive/ Non-Independent Member since 2014



EXPERIENCE

- Current Managing Director - Finance, overseeing Finance Treasury and Risk functions, responsible for implementing effective financial policies and controls, financial reporting to relevant stakeholders in addition to developing, implementing, and managing optimal capital structures that effectively meets short term liquidity needs and long-term strategic objectives
- Joined Bahrain Mumtalakat Holding Company B.S.C. © (Mumtalakat) in September 2014; previous roles include Chief Operating Officer - responsibility of overseeing Mumtalakat's corporate functions including Legal, Risk Management, Human Resources and Administration, and Information Technology; responsible for corporate governance practices at Mumtalakat, and ensuring compliance with legal and regulatory requirements where needed
- Prior to Mumtalakat, was Vice President, Finance and Support at Tamkeen (Labour Fund), where responsibilities included overseeing Tamkeen's internal operating units, including Finance, Human Resources, Legal and Information Technology
- Over 20 years of experience in finance and accounting, audit, advisory and statutory reporting services with industry exposure that includes financial services, insurance, and public sector
- Also held different managerial positions at KPMG International Limited working within the Audit and Advisory Units in Bahrain, Qatar and USA



QUALIFICATION

Certified Public Accountant
Bachelor of Science in Accounting from the University of Bahrain



MUTLAQ H. AL MORISHED
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Executive & Environment Social and Governance Committee
Non-Executive / Independent Member since 2015



EXPERIENCE

- Chief Executive Officer of TASNEE, one of the largest Saudi diversified industrial companies having investments in several fields
- Board member of Gulf Petrochemical & Chemical Association (GPCA)
- Board member of CITI Group in Saudi Arabia
- Board member of GCC Board Director Institute
- Board member of Saudi General Authority for Military Industries and TRONOX (NYC)
- Board Member of A. M. Bin Saedan Real Estate Co.
- Chairman of the Board of National Metal Manufacturing & Casting Co. (Maadaniyah)
- He was Executive Vice President of Corporate Finance, (CFO) at Saudi Basic Industries Corporation (SABIC), Vice President of Metals SBU, EVP Shared Services, President of SADAF and HADEED, consecutively
- Previous Chairman of the Board of Yanbu National Petrochemicals Company (YANSAB), SABIC Capital in Netherland, SAUDI KAYAN, SABIC Captive Insurance Limited in UK and Alinma Investment Co
- Was Board Member of General Organization of Saudi Arabian airlines, Gulf Bank in Bahrain, the Advisory Board for Economic Affairs of the Supreme Economic Council of Saudi Arabia and Alinma Tokio Marine Company (ATMC)



QUALIFICATION

MBA degree from Stanford University
Master of Science in Nuclear Engineering from Princeton University
Bachelor of Science in Nuclear Physics & Mathematics from the University of Denver



CORPORATE **GOVERNANCE**



**SHAIKH ISA BIN KHALID
AL KHALIFA**
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Audit Committee
Non-Executive / Independent Member since 2020



EXPERIENCE

- Founder and Managing Director of Seaspring W.L.L., a consulting company with a strategic focus on bringing leading technology solutions from various sectors (including IT, oil and gas, metals and mining, and healthcare) into the GCC region
- Oversaw the growth of Biotricity Inc., a leading remote cardiac telemetry company based in Redwood City, California, from startup to full NASDAQ listing; and Wedge Networks Inc., a cybersecurity company based in Calgary, Alberta
- Prior to founding Seaspring, he was a private equity associate with Oasis Capital Bank B.S.C.© in Bahrain where he helped raise over US\$245 million in paid up capital and set-up a clean tech-focused fund
- Prior to this position, he was an Assistant Manager of Corporate Banking & Finance at Citigroup Inc. where he played a key role in arranging the refinancing for Alba's Potline 5 Expansion



QUALIFICATION

Master of Science in Global Financial Analysis from Bentley University, Waltham, MA



OMAR AL AMOUDI
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Executive & Environment Social and Governance Committee
Non-Executive / Non-Independent Member since 2019



EXPERIENCE

- Executive Vice President, SABIC Shared Services (Information Technology, & Corporate Cybersecurity, Global Financial servers, Employee Servers, Global Procurement, Facility Management & Planning and Control)
- Chairman of the Board of Directors of HADEED (currently, the largest integrated steel producer in the region)
- Executive Vice President, SABIC Global Engineering & Project Management
- Board Member of Gulf Coast Growth Ventures
- President of PETROKEMYA (largest SABIC petrochemical Affiliate) and IBN ZAHR President
- Chairman of the Board of Directors of SPECIALTY CHEM, Gas & Arrazi & SAUDI KAYAN SABIC Affiliates
- Board Member of SHARQ, IBN RUSHD, PETROKEMYA, SADAF, Ibn Sina and MARAFIQ



QUALIFICATION

Bachelor of Science in Chemical Engineering from the King Fahd University of Petroleum and Minerals (KFUPM)
MS in Chemical Engineering from Drexel University, USA





TIM MURRAY
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Executive & Environment Social and Governance
Non-Executive / Independent Member since 2022



EXPERIENCE

- CEO of Cardinal Virtues Consulting Inc. and has over 20 years of executive leadership experience
- Recently published his first book called “CEO Words of Wisdom (WoWs)”. The WoWs deliver practical life lessons to help you survive and thrive in the Post COVID world
- Spent 12 years with Aluminium Bahrain B.S.C. (Alba) where he was CEO for the 7 last of those years. During his time at Alba, he was also Chief Financial Officer, Chief Marketing Officer, Chief Supply Chain Officer and General Manager of Finance
- Played an instrumental role in the US\$3 billion Line 6 Expansion Project, which was commissioned on-time and significantly under budget
- An expert in Safety Management and played a key role in the transformation of Alba’s Safety culture
- 10 years with ARC Automotive Inc. where in his last role he was Vice President and Chief Financial Officer
- Key role in the building of greenfield manufacturing facilities in both Mexico and China
- Tim is an avid reader and an Adjunct Professor at Susquehanna University teaching classes on the impact of CEO leadership



QUALIFICATION

MBA from Vanderbilt University
Degree in Accounting from Susquehanna University
A member of the American Institute of CPAs



RASHA SABKAR
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Nomination, Remuneration and Corporate Governance Committee
Non-Executive / Non-Independent Member since 2020



EXPERIENCE

- Currently Managing Director Corporate Services for Bahrain Mumtalakat Holding Co. B.S.C. ©, responsible for Administration, Compliance and Corporate Governance, Legal, Procurement, Technology, and Parliament and Government Affairs
- Previously joined Investcorp Holdings B.S.C.’s Legal & Compliance Department in 2012 as a Principal and was the Deputy General Counsel and Secretary to the Investcorp Board
- Prior to Investcorp, Rasha managed her own legal consultancy practice in Bahrain, advising regional and international banking and financial institutions, as well as various other corporate and commercial clients
- Member of the Board of Directors of Bahrain Real Estate Investment Company B.S.C. (c) (Edamah)
- Member of the Board of Directors of the Economic Development Board
- Has diverse work experience ranging from her work as a corporate and finance attorney at New York City law firms as well as a banking and corporate lawyer at international firms based in Bahrain



QUALIFICATION

Graduate of the University of Pennsylvania Law School
A member of the New York Bar & qualified to practice law in Bahrain



CORPORATE **GOVERNANCE**



AHMED ALDURIAAN
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Nomination, Remuneration and Corporate Governance Committee
Non-Executive / Non-Independent Member since 2020



EXPERIENCE

- Board Member of GARMCO
- Vice Chairman of Gulf Aluminium Rolling Mill Company B.S.C. (c) (GARMCO) Board
- Executive General Manager of SABIC Investment Company
- General Manager of Ventures Management at Joint Venture affair unit in SABIC, a Saudi based diversified manufacturing company, active in chemical and intermediates, industrial polymers, Agri-Nutrients and metals
- Chairman of HADEED Board Audit Committee
- Prior to his current role, he was a director of Merger & Acquisitions Execution Department in SABIC and Board member of SABIC Polymer in Turkey from 2007-2011



QUALIFICATION

Bachelor's in Mining Engineering



IYAD AL GARAWI
Director

Member of the Board of Directors of Aluminium Bahrain B.S.C. (Alba)
Member of the Board Audit Committee
Non-Executive / Non-Independent Member since 2020



EXPERIENCE

- Iyad Al-Garawi has a long experience in the oil, gas, and chemicals industries. His professional experience ranges from operations/maintenance, mega project development and business management
- Currently, the General Secretary of Saudi Basic Industries Corporation (SABIC) Board and Head of Investor Relations
- Member in various board and steering committees
- Worked both inside Saudi and abroad part of two global leading companies Saudi Aramco & SABIC
- In SABIC, he led the development of one of the downstream projects. Developing this business involved establishing SABIC new affiliate 'SAMAC' in partnership with Mitsubishi Chemical Corporation
- Lead SABIC's Engineering Thermoplastic Polymers business in the Middle East and Africa, including Polycarbonate, ABS, POM, PMMA and compounds
- In his tenure in SABIC, he also was a Managing Director of SABIC South Africa Ltd, which involved leading sales activities, investment opportunities in the region and governmental affairs
- Before joining SABIC, Iyad was leading the operations unit at one of the major Gas Oil Separation Plants in Saudi Aramco



QUALIFICATION

Mechanical Engineering from University of Missouri at Columbia, USA
Master's in Industrial Management from University of Sheffield, UK
Been in various training programs in technical/business/financial/leadership fields; one of the latest is Strategic Financial Analysis at Harvard Business School



Directors' Remunerations, Sitting and Attendance fees for 2022

Alba's Board of Directors are remunerated fairly and responsibly for fulfilling the duties of the Board and its Committees.

For 2021, Remuneration Fees were BD420,000 [BD60,000 for the Chairman and BD40,000 per Director] excluding Sitting Fees (BD72,000) and Attendance Fees (BD1,000 per Director per meeting) of BD103,000. In total, the aggregate amount for 2021 was BD595,000 in addition to Expense Allowances of BD14,100 [refer to Note 27 in Alba's Consolidated Financial Statements of 2022].

For 2022, Attendance Fees (BD1,000 per Director per meeting) and Allowance Fees* were paid to the Directors for attending the Board and Committees during 2022. Sitting fees of BD72,000 for 2022 (part of Total Allowance for Attending Board and Committee Meetings) were paid after the Board's meeting on 02 February 2023 (to refer to the below table for the full breakdown of 2022 Remunerations).

The proposed Remuneration Fees for 2022 will be paid post the AGM which is scheduled to be held on 26 February 2023 and subject to the shareholders' approvals.

(* as per Policy for the Board Directors and Board Committee Members' Remuneration Fees, Attendance Fees and Per Diem Allowance)

(BD'000s)

Names	Fixed Remunerations				Variable Remunerations				End-of-Service Award	Aggregate Amount (Does not Include Expense allowance)	Expenses Allowance
	Remunerations of the Chairman and BOD	Total Allowance for Attending Board and Committee Meetings	Others	Total	Remunerations of the Chairman and BOD	Incentive Plans	Others	TOTAL			
First: Independent Directors											
Shaikh Daij Bin Salman Bin Daij Al Khalifa	60	30	-	90	-	-	-	-	-	90	
Yousif A. Taqi	40	19	-	59	-	-	-	-	-	59	
Shaikh Isa Bin Khalid Al Khalifa	40	17	-	57	-	-	-	-	-	57	
Tim Murray	40	16	-	56	-	-	-	-	-	56	2.4
Mutlaq Al Morished	40	16	-	56	-	-	-	-	-	56	1.8
Second: Non-Executive Directors											
Suha Karzoon	40	17	-	57	-	-	-	-	-	57	
Rasha Sabkar	40	16	-	56	-	-	-	-	-	56	
Omar Al Amoudi	40	16	-	56	-	-	-	-	-	56	1.8
Ahmed Alduriaan	40	16	-	56	-	-	-	-	-	56	1.8
Iyad Al Garawi	32	16	-	48	-	-	-	-	-	48	
Third: Executive Directors (Not Applicable)											
Total	412	179	-	591	-	-	-	-	-	591	7.8



CORPORATE **GOVERNANCE**

Board Meetings in 2022 [in-person and/or virtual attendance]

Meetings of the Company's Board of Directors are held at least quarterly or more frequently as deemed necessary. There were 5 Board Meetings in 2022 which were held

on 10 February, 12 May, 11 August, 28 September, and 10 November. Board meetings in Q1 and Q2 of 2022 (2 meetings) were held virtually via Microsoft Teams while meetings in Q3 and Q4 of 2022 (3 meetings) were held via Microsoft Teams and in-person.

Director	10-Feb-22	12-May-22	11-Aug-22	28-Sep-22	10-Nov-22
Shaikh Daij Bin Salman Bin Daij Al Khalifa					
Yousif A. Taqi					
Suha S. Karzoon					
Shaikh Isa Bin Khalid Al Khalifa					
Rasha M. Sabkar					
Tim Murray					
Mutlaq H. Al Morished					
Omar Al Amoudi					
Iyad Al Garawi					X
Ahmed Alduriaan					



Video Conferencing



Physical Meeting

X Absent





Chairman's Duties and Responsibilities

Pursuant to Chapter 2 -- Corporate Governance Principles, Section One, Principle 1: the Company Shall be Headed by an Effective, Qualified and Expert Board -- in the Corporate Governance Code 2018, the Chairman of the Board responsibilities include but not limited to:

- Representing Alba before others;
- Ensuring that the directors have access to complete and accurate info in a timely manner;
- Ensuring that the Board discussed all info as stated in the agendas for each meeting;
- Encouraging effective communication between Alba's shareholders and BoD;
- Encouraging all directors to effectively exercise their roles in the best interest of Alba; and
- Preparing agendas for the Board meetings and General Assembly meetings (AGM and EGM).

Board's Duties and Responsibilities

Pursuant to Chapter 2 -- Corporate Governance Principles, Section One, Principle 1: the Company Shall be Headed by an Effective, Qualified and Expert Board -- in the Corporate Governance Code 2018 and in addition to Alba's Memorandum and Articles of Association of the Company (the "Articles"), the Board's duties include but not limited to:

- Setting and monitoring the overall business strategy and business plan for the Company;
- Ensuring that the operations run smoothly to achieve the company's objectives and that they do not conflict with the applicable Laws and Regulations;
- Preparing financial statements which accurately disclose the Company's financial position;
- Monitoring management performance;
- Convening and preparing the agenda for shareholders' meetings;
- Monitoring conflicts of interest and preventing abusive related-party transactions;
- Assuring equitable treatment of shareholders including

minority shareholders;

- Exercising all powers and performing necessary acts for the management of the Company in conformity with its objectives, within the bounds of the Law, the Articles of Association, and resolutions of the General Meetings;
- Establishing key Company policies;
- Determining the remuneration for Directors, subject to the approval of the shareholders' Annual General Meeting, taking into consideration the provision of Article 188 of the Commercial Companies' Law;
- Setting the Management structure; appointing or removing key/senior executives and employees, determining their duties, setting their remuneration and incentive programmes, (ensuring that these are aligned with the long-terms interests of the Company and shareholders), and overseeing succession planning;
- Forming Executive and ESG, Audit and other Committees, appointing their members and specifying their powers, as well as ensuring a formal board nomination and election process;
- Ensuring the integrity of the Company's accounting and financial reporting systems, and that appropriate systems of control are in place, particularly for risk management, financial and operational control as well as compliance with the law and relevant standards; and
- Approving matters reserved to the Board in the 'Levels of Authority' document reviewed by the Board from time to time.

Types of Materials transactions Requiring Board's Approvals

The Levels of Authority (LoA) summarizes areas relating to strategies, long-term commitments, and policies where approval of the Board is necessary. These include:

- Investment and expansion projects above monetary thresholds in accordance with capital expenditure policy approved by the Board and as set out in the LoA;
- Sales and purchase contracts (materials and services) greater than 5-years and, in some instances, above certain monetary thresholds and contract quantities;



CORPORATE **GOVERNANCE**

- Equity and dividend related recommendations for Shareholders' approval;
- Recommendation of acquisitions, mergers, diversification, divestment, expansions, and other business combination related decisions for Shareholders' approval;
- Strategic hedging strategies;
- Cumulative short-term borrowing limits;
- Annual plan and operating plan; and
- Key policies, such as the Levels of Authority (LoA), Code of Conduct, Tender Policy, Risk Management Policy, Capital Expenditure Policy and key HR Policies.

Details of Transactions with Related-Parties (Nature of Relationship and Transaction Type)

Alba undertakes transactions with related parties as part of its ordinary course of business. As per the definitions by the International Accounting Standards (IAS) 14, the Company qualifies as a government related entity. The Company purchases gas and receive services from various government and semi-government organizations and companies in the Kingdom of Bahrain. Other than the purchase of natural gas, other conducted transactions for the normal course of business are not considered to be individually significant in terms of size. Related party transactions of material nature are discussed by the Board and are as follows:

Tatweer	Sole supplier of all-natural gas used as fuel in the Company's power stations. Tatweer is wholly owned by The Oil and Gas Holding Company B.S.C. °, which is owned by the Government of Bahrain, which in turn directly owns and controls Bahrain Mumtalakat Holding Company B.S.C.° -- the Company's single-largest shareholder
Bahrain Petroleum Company B.S.C. ° (BAPCO)	Supplies diesel to Alba. BAPCO has the same ownership of Tatweer
National Bank of Bahrain B.S.C. (NBB)	The Company has overall banking transactions with NBB, an associated company of Bahrain Mumtalakat Holding Company B.S.C.°, including an open facility to avail any short-term Borrowings, participation in the Syndicated Corporate Loan Facility and in an associated Interest Rate Swap hedging transaction
Bahrain International Circuit Company S.P.C. (BIC)	The Company extends sponsorship to BIC for Formula 1 Race. BIC is a subsidiary of Bahrain Mumtalakat Holding Company B.S.C.°
Gulf Aluminium Rolling Mill Company B.S.C.° (GARMCO)	The Company sells its products to GARMCO which is an associated company of Bahrain Mumtalakat Holding Company B.S.C.°
Asturiana de Aleaciones S.A.	The Company sells its aluminium products to, as well as purchase raw materials (Alloys) from Asturiana de Aleaciones S.A. which is one of the associates of Bahrain Mumtalakat Holding Company B.S.C.°
Aleastur Bahrain	The Company sells its aluminium products to Aleastur Bahrain, which is also one of the associates of Bahrain Mumtalakat Holding Company B.S.C.°
Bahrain Telecommunications Company B.S.C. (Batelco)	The Company also conducts regular transactions with Bahrain Telecommunications Company B.S.C. (Batelco) which is an associated company of Bahrain Mumtalakat Holding Company B.S.C.°
Electricity and Water Authority (EWA)	Under the terms of a water supply-agreement dated to 5 August 2002, the Company sells more than half of the water produced in Calciner to the Government of Bahrain through EWA. This contract is for a period of 25-years and the water is sold at a rate of 225 fils per cubic meter. The electricity required by the Company's Calciner is supplied by the national grid which is operated by EWA

In addition, around 50% of the land housing Alba's various facilities is licensed or leased to the Company by the Government of Bahrain or entities like BAPCO, which are wholly owned and controlled by it. Further information can be found in Note 27 – Transactions with Related Parties in Alba's Consolidated Financial Statements of 2022.

Directors' Ownership of Alba Shares

One Board Director holds Alba ordinary shares; there has not been any change in his shareholding status:

Mutlaq H. Al Morished's Shareholding as at

31 December 2022	1,251,000
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Directors' Orientation & Induction

Three Directors (Shaikh Isa bin Khalid Al Khalifa, Ahmed AlDuriaan and Iyad Al Garawi), who have been appointed in March 2020, visited Alba Campus on 30 November 2021 as part of their induction to get an up-close and personal tour around different areas of the smelter, including Calciner and Marine, Reduction Lines 5 & 6, Casthouse 4, Power Station 3 as well as HRH Princess Sabeeka Oasis.

Election of the Board of Directors & its Term

The Company shall be administered by a Board of Directors consisting of 10 (ten) Directors to be appointed and/ or elected in accordance with the provisions of the Articles of Association and Article 175 of the Commercial Companies' Law of the Kingdom of Bahrain (the "Law"). As per Article 24.5 of Alba's Articles of Association, the members of the Board of Directors shall be elected for 3-year renewable term.

- Bahrain Mumtalakat Holding Company B.S.C. © (Mumtalakat) with 69.38% share in Alba is entitled to appoint six directors. Sabic Industrial Investments Company (SIIC) with 20.62% share in Alba is entitled to appoint two directors. These appointments took place at the Annual General Meeting held on 08 March 2020.
- As per the principles of the 2018 Corporate Governance Code and in line with Alba's Article of Association # 26, one director was appointed at the General Meeting

representing Sabic Industrial Investments Company (SIIC). With the approval of the Shareholders, at the Extraordinary General Meeting held on 10 June 2015, one director was elected as an independent board director representing the 10% public listed shares. He was re-elected at the Annual General Meeting held on 21 March 2017 and thereafter on 08 March 2020.

The recent term begun on 08 March 2020 and the new term will be effective after the AGM (26 February 2023).

Termination of Directors

The membership of the Directors concludes upon the expiry of the term upon which the Director will be subject to re-election. The termination of directorship can also take effect if any Director is in breach of the conditions set out in Article 27 of the Alba's Articles of Association.

Performance Evaluation

In line with Chapter Two: Section One: Principle Eight of the Code, the Board and its Committees conduct an annual performance assessment (including individual evaluation) to determine whether the Board, its Committees and its Directors are capable of providing high level of judgement. For the year-ended 2022, all Directors have completed the Board and Committees' questionnaires.

Alba Executive Management

Name	Age	Position	Date of First Appointment	Appointment Date of Current Position
Ali Al Baqali	53	Chief Executive Officer	May 1998	Appointed as CEO on 13 February 2020
Amin Sultan	54	Chief Power Officer	May 1997	May 2017
Khalid Abdul Latif	51	Chief Marketing Officer	September 1989	September 2015
Abdulla Habib	51	Chief Operations Officer	March 1995	February 2018
Waleed Tamimi	48	Chief Supply Officer	May 2011	September 2017
Bryan Harris	52	Chief Financial Officer	October 2009	December 2018

Alba Executive Management is primarily responsible for managing the Company's day-to-day operations and implementing the strategy and policies set forth by the Company's Board of Directors.



CORPORATE **GOVERNANCE**



ALI AL BAQALI
Chief Executive Officer

Chief Executive Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 1998



EXPERIENCE

- Appointed as the CEO on 13 February 2020, Al Baqali has been part of the Alba family for more than 2-decades and brings years of thought leadership and honed experience from within the Company. Al Baqali joined Alba as a Purchasing Officer in 1998 then moved further up the ranks to become Manager for Procurement (2010), Chief Financial Officer (2013), Deputy CEO and Chief Supply Chain Officer (2017) and Acting CEO (2019). In his Executive Management roles, Al Baqali has been instrumental in Alba's landmark Line 6 Expansion Project, especially in securing the US\$3 billion financing for the Project and formulating the sourcing strategies for key raw materials. He also led the Company to achieve a record breaking production of more than 1.6 million tonnes in 2022 for the first time in its 51 years of operations.
- As a Bahraini who grew from within Alba, Al Baqali believes that Alba's growth and success depend heavily on the Company's entrenched principles on Safety, Development of Human Capital, Social and Civic Responsibility as well as Community Development. Al Baqali places Environmental, Social, and Governance (ESG) matters at the top his priorities; his beliefs have translated into Alba establishing c.US\$40 million first-of-its-kind Spent Pot Lining Treatment Plant Project, achieving the Aluminium Stewardship Initiative (ASI) Performance Certification, setting-up a Fish Farm at the Calciner & Marine Operations amongst many other initiatives.

International Memberships & Positions

- Vice-Chairman & Director of the International Aluminum Institute (IAI) - 2019
- Member of the Board, Gulf Aluminium Council (GAC) - 2019
- Member of GCC Board Directors Institute - 2021
- Member of Italia Bahrain Business Council - 2021

Bahrain Memberships & Positions

- Member of the Board, Tenmou - 2014
- Member of the Board, INJAZ - 2016
- Deputy Chairman of the Board of Trustees, Bahrain Polytechnic - 2021
- Board member of Saint Christopher's School - 2020-2021



QUALIFICATION

- Executive MBA from Darden School of Business, University of Virginia, USA - 2018
- MBA from the French Arabian Business School, ESSEC - 2014
- B.Sc. in Accounting from the University of Bahrain - 2005
- Chartered Institute of Purchasing & Supply (CIPS), UK - 1998





KHALID ABDUL LATIF
Chief Marketing Officer

Chief Marketing Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 1989



EXPERIENCE

- Appointed as Chief Marketing Officer in September 2015, Khalid heads the following departments: Casthouse (Maintenance & Operations), Customer Service & Marketing Operations, Sales (all regions) and Alba Americas
- Khalid leads the Company's global marketing strategies to drive innovation across its business divisions, depending on the deep knowledge he has in both marketing and operations fields. He continuously increases Alba's existing business and develops new markets to meet the Company's growth targets
- Prior to his current Executive role, in 2012, he was promoted to Manager of Engineering and then to Alba's Marketing Manager for Customer Services & Marketing Operations
- Khalid joined Alba as an apprentice in 1989 and worked in various operational areas including Power Station, Reduction Lines and Carbon Plant. He rose through the ranks and was promoted from Supervisor to Engineer followed by Superintendent



QUALIFICATION

MBA from the French Arabian Business School/ESSEC (Bahrain).
Completion certificate for the Executive Education Programme in Strategic Sales Management from University of Chicago, USA
Bachelor's in Electrical Engineering from Gulf University in Bahrain
HND in Electrical & Electronics from Bahrain Training Institute BETTEC Bahrain.
Higher Diploma in Mechatronics from Abertay University, Dundee, UK.



DR. ABDULLA HABIB AHMED
Chief Operations Officer

Chief Operations Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 1995



EXPERIENCE

- Was appointed as Chief Operations Officer on 02 December 2018
- He was appointed as Director of Reduction Line 6 Start-up in July 2017 and prior to this, he was Director of Reduction Lines and Services since February 2015
- Joined Alba as Trainee Engineer and during the last 27 years, Dr. Habib has grown in Alba and held the roles of Superintendent Reduction Line, R&D Manager, Reduction Lines Manager, and Customers Technical Support Manager
- Contributed along with other Executives to increasing the Net Finished Production to 1.561 metric tonnes in 2021 by aligning teams across different functions, driving innovative ideas and introducing a higher efficiency culture among COO workforce.
- In-charge of Line 5-recovery in 2017, after a long power outage, and led it as one of the safest and faster recoveries in the world
- Member of many international committees related to Aluminium Industry like The Minerals, Metals & Material Society (TMS) and The International Committee for Study of Bauxite, Alumina and Aluminium (ICSOBA)
- Previous advisor to the Engineering College of Bahrain University



QUALIFICATION

PhD in Chemical Engineering & Masters in Aluminium Smelting from University of New South Wales, Australia
MBA from ESSEC/French Arabian School
B.Sc. in Chemical Engineering with first honor class



CORPORATE **GOVERNANCE**



WALEED TAMIMI
Chief Supply Officer

Chief Supply Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 2011



EXPERIENCE

- In his current position as a Chief Supply Officer, Waleed oversees the departments of Procurement & Warehousing, Strategic Supply & Planning, Operational Excellence and Engineering
- He held the position of Chief Administration & Supply Officer since August 2019, prior to which he was the Chief Administration Officer and before that, the Director of Administration
- He has held the position of Senior Manager of Strategic Supply & Planning, in charge of Alba's procurement requirement of major raw material and corresponding logistics, responsible for the management and development of Alba's raw material and freight suppliers' network in addition to managing all trading and selling initiatives for excess procured Alumina and surplus production of Calcined Petroleum Coke
- In 2013, Waleed served as Manager - Operational Excellence where he led the operational excellence initiatives alongside the continuous improvement strategy and roadmap. In this role, he was responsible for the development, establishment and initiation of an Enterprise Continuous Improvement and Cost Cutting Programme (Project Titan), which aimed at improving quality, reducing lead time, and bringing in sizable cost reduction levels
- Prior to his tenure with Alba, he was General Manager of Business Improvement Group at Rezayat Group of Companies in Khobar, Saudi Arabia where he led a strategy building initiative at Rezayat Group, resulting ultimately in the establishment and direct utilization of Balance Score Cards. He also led the development, establishment and initiation of an Enterprise Excellence Program. The developed system was called Rezayat Achieving Competitive Excellence (RACE) and is a mix of the Six Sigma philosophy, the Lean Manufacturing methodology and Continuous Improvement principles
- Waleed has served for 27 years in different capacities for a number of companies in USA and in the Middle East ranging from an Implementation Consultant in a software start-up company in San Jose, California to a Six Sigma Black Belt in a world-class Aircraft Manufacturer (Lear-Jet, Bombardier)



QUALIFICATION

Executive MBA from the French Arabian Business School / ESSEC
BS and MS degrees in Industrial Engineering from Wichita State University in the USA
Certified Six Sigma and Lean Manufacturing Master Black Belt



AMIN SULTAN
Chief Power Officer

Chief Power Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 1997



EXPERIENCE

- Currently oversees Alba's 3,600 MW ISO Power & Utilities and Power Station 5 new Block 4 680 MW (using J-class gas turbine technology) combined cycle construction project
- Oversaw the new 1,800 MW Power Station 5 (using H-class gas turbine technology), which was part of Alba's Line 6 Expansion Project
- Also manages Alba wide property and business interruption all risks insurance
- Played an instrumental role in Alba's organization restructuring process in 2010, implementation of Lean & Six Sigma tools during STAR project 2012-2011 and cost saving Project Titan
- Prior to Alba, he spent 5 years at the leading Japanese control and instrumentation firm, Yokogawa Middle East & Africa B.S.C.(c), wherein his role covered engineering, maintenance, and projects experiences in vast industries such power & utilities, refineries, and petrochemicals



QUALIFICATION

M.Sc. in Electrical Engineering from University of Bahrain
MBA from ESSEC Business School
Attended various Executive Management Programme at University of Chicago Business School and University of Cranfield School of Management





BRYAN HARRIS
Chief Financial Officer

Chief Financial Officer of Aluminium Bahrain B.S.C. (Alba)
Joined Alba in 2009



EXPERIENCE

- Appointed as Acting CFO on 04 December 2018, and CFO on 25 September 2019. As part of this role, Bryan has overseen the Finance & Accounting, Legal, IT and Operational Excellence departments, serves on a number of subsidiary directorships and chairs a number of executive committees.
- Joined Alba in 2009 as Chief Internal Auditor and Risk Officer, reporting to the Board and Board Audit Committee, and indirectly to the CEO. In addition to his responsibilities in overseeing Internal Audit and Enterprise Risk management, he also led the development and implementation of the Integrity and Ethics program, including the Code of Conduct and Integrity Reporting hotline system
- Bryan worked for two Big 5 accounting and auditing firms, PWC (from whom he received a university scholarship), and Arthur Andersen. He then spent 2 years doing community service in South Africa and Namibia before taking on a role as Financial Manager of a South African telecoms company
- Prior to moving to Alba and Bahrain, Bryan then spent 10 years in BP, one of the world's largest energy companies, in international leadership roles in Internal Audit, Risk, Strategy, Planning and Performance Management as well as Compliance and Ethics
- Five of these years were spent heading BP's UK Internal Audit team, and his last role was as the Manager of Compliance & Ethics for BP Downstream Europe, Africa, and Australasia



QUALIFICATION

Chartered Accountant, Bachelor of Commerce and Post-Graduate in Accounting with 27 years of experience



ELINE HELAL
Corporate Governance Officer

Director - Investor Relations, Insurance & Corporate Secretary
Joined Alba in 2011



EXPERIENCE

- Appointed as the Director - Investor Relations, Insurance and Corporate Secretary in February 2020.
- Brings with her years of honed experience across matrixed functions namely Investor Relations, Corporate Communications, Corporate Secretariat, Corporate Governance, Insurance as well as Strategy & Business Development
- Joined Alba as Manager – Investor Relations (IR) in March 2011 to build the IR function from scratch, develop & lead the IR team. In her 10+ years career in Alba, she also held on top of her IR role, Public Relations for 5 years and was acting as Strategy and Business Development Manager since July 2018
- Has a well-versed experience in corporate governance, compliance, and regulatory skills for working in Debt and Equity markets, especially on Emerging Markets and in particular the Middle East
- Recognized as a media relator as well as financial communication advisor for C-levels in the region
- Started as a financial analyst at the Middle East mobile operator Zain Group in early 2007, then joined Investor Relations as senior IR analyst till January 2011



QUALIFICATION

Master of Business Administration from ESSEC

MSc in International Finance from University of New South Wales, Australia

Bachelor of Science in Banking & Finance from Lebanese American University (LAU)

Currently, enrolled in Harvard Business School for the Senior Executive Leadership Program (SELP) in 2023



CORPORATE **GOVERNANCE**

Shareholding by Executive Management

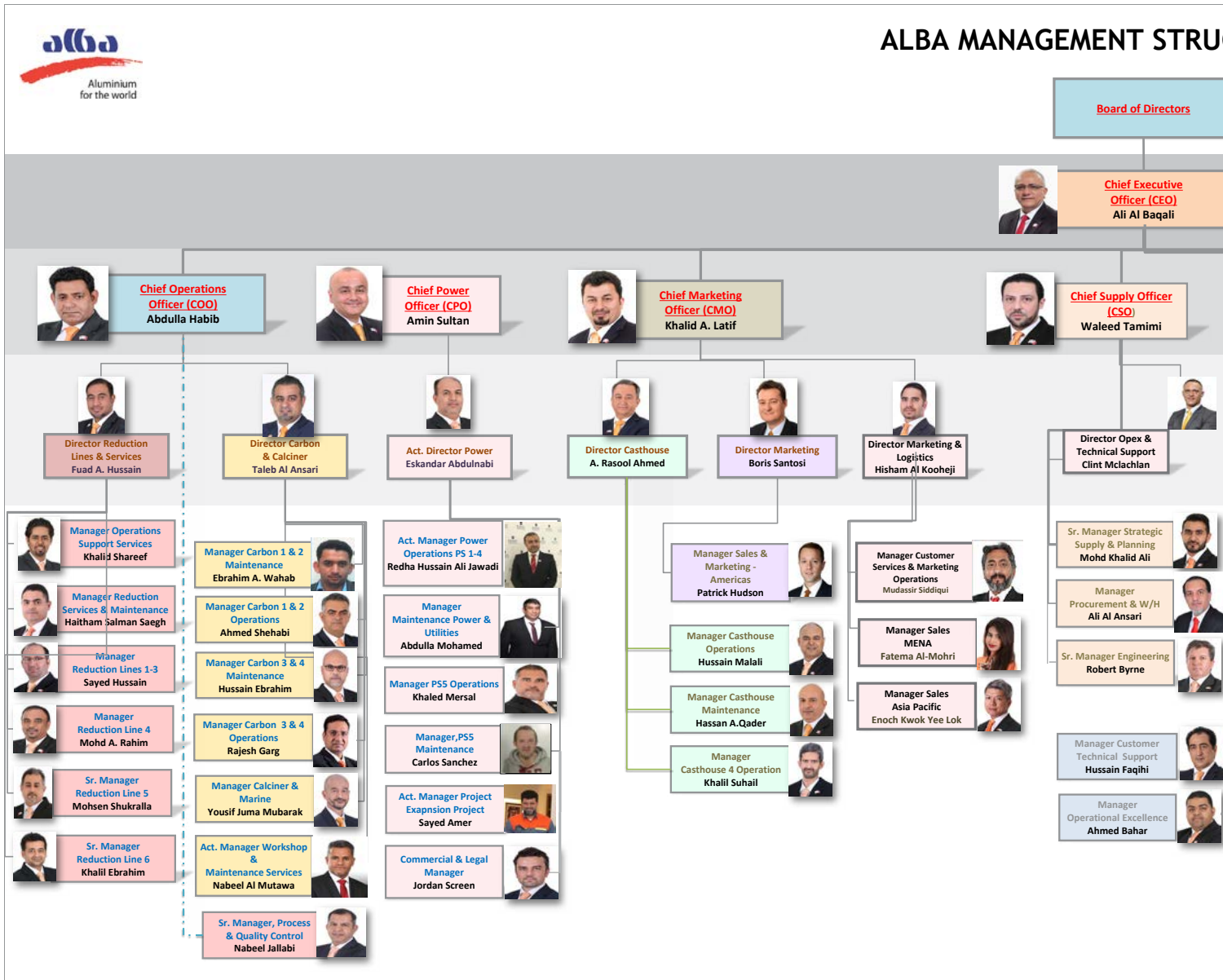
The current shareholding of the CEO and CXOs are as follows. There were no transactions made in 2022:

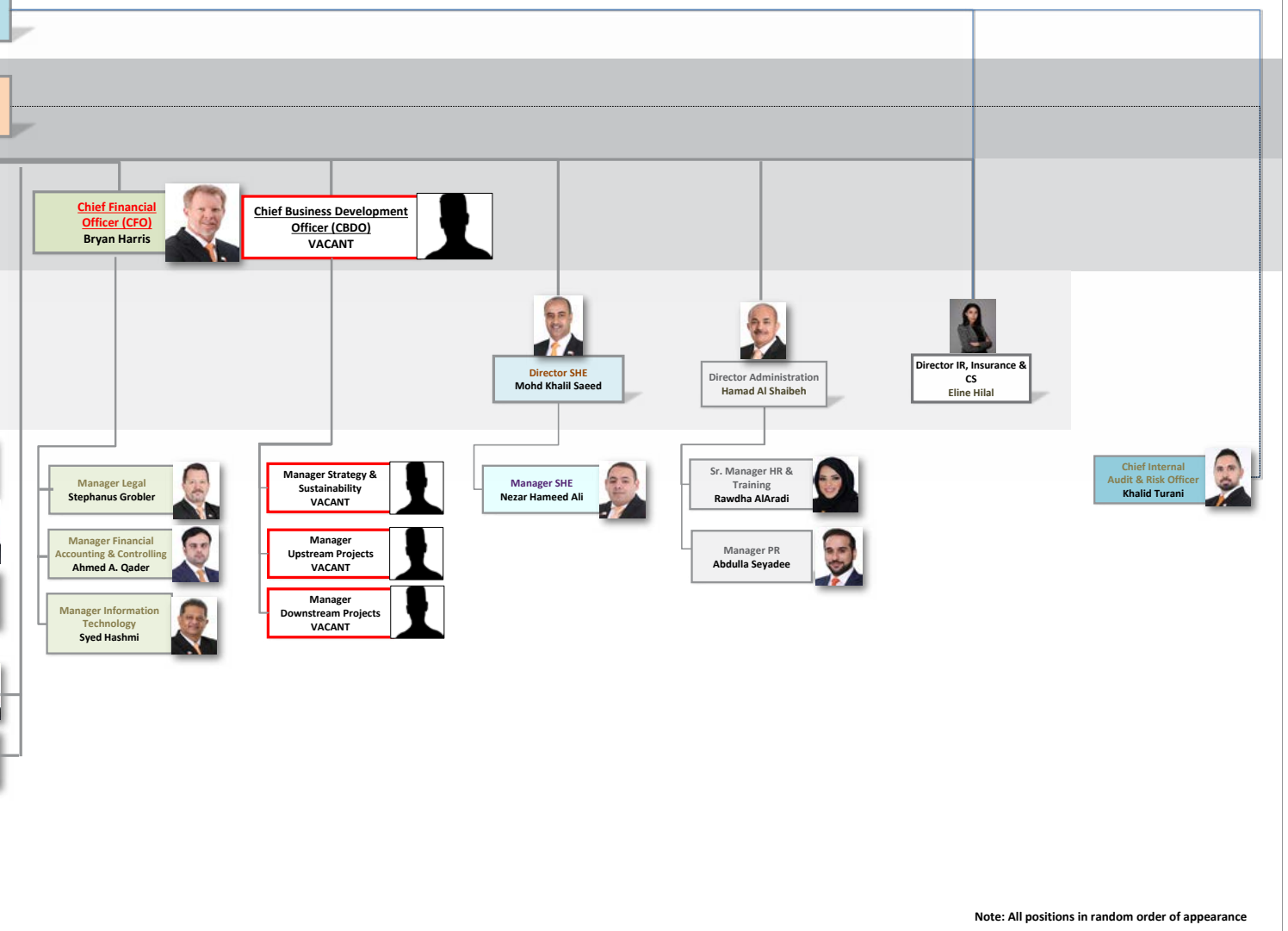
Ali Al Baqali , Chief Executive Officer	1,000 ordinary shares
Khalid Abdul Latif , Chief Marketing Officer	1,000 ordinary shares
Amin Sultan , Chief Power Officer	3,000 ordinary shares
Abdulla Habib , Chief Operations Officer	3,777 ordinary shares
Waleed Tamimi , Chief Supply Officer	-
Bryan Harris , Chief Financial Officer	1,000 ordinary shares





CORPORATE **GOVERNANCE**





CORPORATE **GOVERNANCE**

Total Remunerations Paid to Key Executive Officers (6 CXOs) Including Salaries, Benefits, Allowances, Increases, End-of-Service Benefits, Pensions, etc.

(BD 000's)

Executive Management	Total Paid Salaries & Allowances	Total Paid Remuneration (Bonus)	Any Other Cash-in-Kind Remuneration	Aggregate Amount
Chief Executive Officer, Chief Marketing Officer, Chief Power Officer, Chief Operations Officer, Chief Supply Officer, and Chief Financial Officer	1,172,644	636,740	130,379	1,939,764

Principal Risks and Uncertainties Faced by Alba

The following risks, as described below, need to be carefully considered as their occurrence could have a material/ adverse impact on our business operations, financial condition, and could ultimately result in a decline in the share price. Our processes of governance, control and risk management identify and provide responses to key risks through the establishment of relevant and other internal controls. Any failure of these systems could lead to the occurrence, or re-occurrence, of any of the risks described below:

- Alba doesn't have control over several factors (i.e. volatile demand and Aluminium price as well as overproduction) that affect the price of Aluminium given the cyclical nature of the Aluminium industry.
- The Company operates in an industry that gives potential rise to health, safety, security and environmental risks: fire, equipment breakdown, attack on the physical or IT infrastructure, civil strike or unrest, or loss of gas, power or other utilities which may result in loss of operational capability or shutdowns for significant periods; hence, resulting in a significant adverse impact on the Company's operations and financial condition.
- The loss of either of the Company's three largest customers, or its inability to recover the receivables' dues from one of them, may have a material adverse effect on its financial condition and prospects.
- The Company relies on third-party suppliers for certain raw materials, and any disruption in its supply chain or failure to renew these contracts at competitive prices may have an adverse impact on the Company's financial condition, operations, and prospects.
- The Company's competitive position in the global aluminium industry is highly dependent on continued access to uninterrupted natural gas supply. Further increase in the price of natural gas, or interruption in its supply, could have a material adverse effect on the

Company's business, financial condition, operations and future prospects.

- The Company's business may be affected by shortages of skilled employees (including management), labour cost inflation and increased rates of attrition.
- The Company depends on the provision of uninterrupted transportation of raw materials and finished products across significant distances. Interruption of these activities could have a material adverse impact on the Company especially as prices for shipping/transportation services (particularly for sea transport) have increased over more than a year.
- The Company has interest rate hedging contracts in connection to its c.US\$1.2 Billion Syndicated Commercial Loan that is exposed to periodic mark-to-market evaluation.
- The Company is exposed to foreign currency fluctuations which may affect its financial condition.
- There is a high level of competition in the GCC aluminium market, and the Company may lose its market share in the GCC as its peers increase their production levels.
- The Company strategy focus on the organic growth and expansion of its operations, as well as cost savings initiatives, which may not be achieved on time or on budget.
- The Company does not insure against certain risks, and some of its insurance coverage may be insufficient to cover actual losses incurred.
- Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect the Company's business operations.



External Auditors

Auditor's Profile & Overview of its Professional Performance

KPMG Fakhro has been Alba's External Auditors since 2019. KPMG Fakhro has been re-appointed as External Auditors for 2022 further to Alba shareholders' approval during the Annual General Meeting which was held on 10 March 2022 [as per Section 10 – Principle, 10 First E of the Code: an external auditor shall be appointed for a term of one financial year, to be renewed for similar periods not exceeding five (5) consecutive financial years].

Founded in 1968 by university friends Jassim M. Fakhro and Hussain Kasim, KPMG has been in the Kingdom of Bahrain for more than 50 years and has evolved to be one of the largest professional services firms in the country.

KPMG in Bahrain employs over 360 professional staff led by 11 partners and provides Audit, Tax and Advisory services.

Fees & Charges for the Audit and/or Services Provided in 2022

Name of the Audit Firm	KPMG Fakhro
Years of Service as Alba's External Auditors	Since 2019
Name of the Partner in Charge of Alba's Audit	Jaffar AlQubaiti
Total Audit Fees for the Financial Statements	BD60,600 [BD39,000 for Year-End Audit and BD21,600 for Three Quarterly Reviews]
Audit Related Services	BD5,000 [BD2,500 for Group Reporting to Shareholder's Auditor and BD2,500 for ASBS Audit]
Other Special Fees and Charges for Non-Audit Services other than Financial Statements for 2022 if any. In the Absence of such Fees, this Shall be Expressly Stated	BD6,750 [BD5,000 for FRC Fees and BD1,750 towards Professional Services Related to Corporate Governance Report]

All figures reported above are VAT exclusive.































Board Audit Committee (BAC)

The Board Audit Committee consists of four Board Directors half of whom are independent, and all Directors are non-executive Directors. The members of the Board Audit Committee during 2022 were: Mr. Yousif A. Taqi (the Chairman of BAC who is independent), Mrs. Suha Karzoon, Shaikh Isa Bin Khalid Al Khalifa, Mr. Iyad Al Garawi. In addition, Mr. Ahmed M. Al Khamis and Dr. Ahmed Al Balooshi were re-appointed in April 2020 as consultants to the Board Audit Committee.

As per the Charter of the Board Audit Committee (last version was approved on 01 December 2021), the Directors are required to meet at least 4 times a year and/or when necessary. In 2022, the Board Audit Committee met 5 times as follows:



CORPORATE **GOVERNANCE**

Director	9-Feb-22	11-May-22	10-Aug-22	14-Sep-22	9-Nov-22
Yousif A. Taqi					
Suha S. Karzoon					
Shaikh Isa Bin Khalid Al Khalifa					
Iyad Al Garawi					
Consultant	9-Feb-22	11-May-22	10-Aug-22	14-Sep-22	9-Nov-22
Dr. Ahmed Al Balooshi					
Mr. Ahmed Khamis					



Video Conferencing















Physical Meeting

Nomination, Remuneration and Corporate Governance Committee (NRCGC)

The Nomination, Remuneration and Corporate Governance Committee consists of three Directors: the Chairman of the Board Shaikh Daij Bin Salman Bin Daij Al Khalifa (who chairs this Committee) who is independent and two other Directors Mrs. Rasha Sabkar and Mr. Ahmed Al Duriaan – both of whom

are non-independent; and all Directors are non-executive Directors.

As per the Charter of the Nomination, Remuneration & Corporate Governance Committee (last version was approved on 10 June 2020), the Directors are required to meet at least 4 times a year and/or when necessary. In 2022, the Nomination, Remuneration & Corporate Governance Committee met 4 times as follows:

Director	03-Feb-22	09-May-22	18-Sep-22	03-Nov-22
Shaikh Daij Bin Salman Bin Daij Al Khalifa				
Rasha M. Sabkar				
Ahmed Alduriaan				



Video Conferencing



Physical Meeting



Corporate Governance Officer's Details

Ms. Eline Hilal, holder of passport no. RL4178782 has been appointed as the Corporate Governance Officer for Aluminium Bahrain B.S.C. (Alba) with effect from 01 September 2018. Below are the contact details:

Office No.: +973 1783 5100

Mobile No.: +973 39907255

















Email address: eline.hilal@alba.com.bh

Board Executive & ESG Committee

The Board Executive and ESG Committee consists of four Directors: The Chairman of the Board Shaikh Daij Bin

Salman Bin Daij Al Khalifa (who chairs the Committee) who is independent, three other Board Directors: Mr. Omar Al Amoudi – who is a non-independent director and Mr. Tim Murray and Mr. Mutlaq H. Al Morished who are independent directors. All Directors in the Board Executive Committee are non-executive Directors.

As per the Charter of the Board Executive and ESG Committee (last version was approved on 28 September 2022), the Directors are required to meet at least 4 times a year and/or when necessary. In 2022, the Board Executive Committee met 4 times as follows:

Director	07-Feb-22	10-May-22	21-Sep-22	07-Nov-22
Shaikh Daij Bin Salman Bin Daij Al Khalifa				
Tim Murray				
Mutlaq H. Al Morished				
Omar Al Amoudi				



Video Conferencing



Physical Meeting

Details of any Irregularities in 2022

The MOICT Code and the CBB Module state that most of the members of the Audit Committee including its Chairman shall be independent. Currently, as per the collective definitions in the MOICT Code and the CBB Module, two out of four members (including the Chairman) are classified as independent; the remaining two are classified as non-independent since one of the directors holds a management position in the controlling shareholder and another one holds various director positions at her parent company's subsidiaries. The Alba Board has reviewed this matter and is of the opinion that the specific circumstances that led to the directors' classification do not present actual conflict of interest with the activities carried-out by the Audit Committee and do not impair the Directors' abilities to exercise judgment free from conflicts.

Cash and in-Kind Contributions Made by the Company in 2022

The Company spent c.BD1.6 million for endorsing educational programs in addition to various sport-based events as well as Environmental, Social and Governance (ESG) activities which were of interest to the local community.

Means of Communications with Shareholders & Investors

Alba engages with its shareholders and investors on a regular basis and as required as follows:



CORPORATE **GOVERNANCE**

Stakeholders Category	Importance to Alba	Methods of Engagement	Frequency of Engagement
Shareholders & Investors	<ul style="list-style-type: none"> Cornerstone of Alba's sustainable growth, providing the capital necessary for maintaining business operations, as well as offering expertise and guidance Ability to influence all decisions and outcomes 	<ul style="list-style-type: none"> Management Review Meetings Internal audits Performance Reporting Sustainability Report Annual Report Press Releases, Social Media Platforms 	Regularly and as required

Ownership Structure

Shareholders' Ownership Directors

No.	Name	Number of Shares Held	Shareholding %
1.	Bahrain Mumtalakat Holding Company BSC (C)	985,196,000	69.38%
2.	Sabir Industrial Investment Co.	292,804,000	20.62%
3.	General Public	142,000,000	10%

Shareholders' Distribution in Terms of Retail, Government and Institutional & in Terms of Local, Gulf, Arab, and Foreign

Shareholder Classification	Shareholding %			
	Individuals	Corporates	Government or Organizations	Total
Local	0.642%	72.145%	0.012%	72.800%
Arab	0.426%	22.946%	-	23.372%
Foreign	0.065%	3.763%	-	3.828%
Total	1.134%	98.854%	0.012%	100.00%

Shareholders' Distribution by Size of Ownership

Shareholding (Share)	No. of Shareholders	Number of Shares Held	Shareholding %
<50,000	2,749	7,465,470	0.526%
50,000 to 500,000	84	15,109,907	1.064%
500,000 to 5,000,000	30	46,282,135	3.259%
>5,000,000	7	1,351,142,488	95.151%
Total	2,870	1,420,000,000	100.00%



Significant Events in 2022

Aluminium Bahrain B.S.C. (Alba), based on a board resolution on 30 December 2021, have approved the Management's recommendation to transfer the registration of Alba Club WLL, currently registered under CR No. 99789-1, and register

it as a branch of the Company under CR No. 999. The Company has filed the necessary documentation with MOIC and is awaiting to hold the Extraordinary General Meeting (EGM) to get the shareholders' approvals in order to convert it into a branch of Alba.

Compliance with the Provisions of the Code

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			✓	
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			✓	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			✓	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles, and re-sponsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.			✓	
Principle 9: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a*			N/A	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	

* Applicable only to the companies offering Islamic services



Daij Bin Salman Bin Daij Al Khalifa
Chairman of the Board



Eline Hilal
Corporate Governance Officer





- 8 Notify and approve the transactions carried-out during the financial year-ended 31 December 2022 with any of the related parties as described in note # 27 of the financial statements in line with Article 189 of the Commercial Companies' Law (If any) (further reference can be found in 2022 Corporate Governance Report on page 13)**

27 RELATED PARTY TRANSACTIONS

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

Transactions with shareholders

The Company qualifies as a government related entity under the definitions provided in IAS 24. The Company purchases gas and receives services from various Government and semi-government organisation and companies in the Kingdom of Bahrain. Other than purchase of natural gas, such other transactions are in the normal course of business and are not considered to be individually significant in terms of size.

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

	2022 BD '000	2021 BD '000
Other related parties		
Sales of goods and interest income		
Sale of metal	116,924	108,241
Sale of water	1,126	1,596
Sale of electricity (netted against other expenses in note 23)	-	1,560
	118,050	111,397
	2022 BD '000	2021 BD '000
Cost of sales and expenses		
Purchase of natural gas and diesel	249,007	235,448
Purchase of Aluminium scraps	11,024	-
Purchase of electricity (net)	4,490	3,289
Interest on loans and borrowings	1,114	2,137
Purchase of raw materials	1,575	-
Others	619	190
	267,829	241,064



27 **RELATED PARTY TRANSACTIONS (continued)**

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

	2022 BD '000	2021 BD '000
Other related parties		
Assets		
Trade receivables-net of impairment allowance (net of impairment allowance of BD Nil (2021: BD 7,944)) (note 7)	6,396	4,733
Other receivables - net of impairment allowance of BD 6,797 thousand (2021: Nil) (note 7)	3,473	884
Bank balances	1,104	1,243
Derivative financial instruments-Interest rate swap	25,209	944
	36,182	7,804
Liabilities		
Trade payables (note 19)	21,231	32,834
Loans and Borrowings	38,045	54,595
Interest payable on loans and borrowings	426	492
	59,702	87,921

Outstanding balances at year-end arise in the normal course of business are interest free, unsecured and payable on demand. For the year ended 31 December 2022, the Group recorded a specific impairment of BD Nil on amounts due from related parties, based on the management best expectation [2021: the Group recorded a specific impairment of BD 2,256 thousand (net of adjustment against other receivable balance amounting to BD 710 thousand) (note 7).

Compensation of key management personnel (KMP)

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

	2022 BD '000	2021 BD '000
Short term benefits	1,697	1,336
End of service benefits	143	69
Contributions to Alba Savings Benefit Scheme	99	87
	1,939	1,492

Director compensation during the year included Directors' remuneration of BD 412 thousand (2021: BD 420 thousand), attendance fees of BD 107 thousand (2021: BD 103 thousand), sitting fees of BD 72 thousand (2021: BD 72 thousand) and other reimbursement of BD 8 thousand (2021: BD 14 thousand)



9 Absolve the Board of Directors from their actions/activities for the year-ended 31 December 2022



10 Appointment or Re-appointment of the External Auditors for the fiscal year 2023 and authorize the Board of Directors to specify their remuneration



11 Election and/or Appointment of the members of the Board of Directors for the next term of three years (2023-2026)

Education / Qualification	Work Experience	Independent/Non-Independent Executive/Non-Executive
15 January 2023 - Ismail Al Sarraf, Bahraini National		
Executive Master of Business Administration (EMBA), University of Hull - UK	<ul style="list-style-type: none"> - Board member of Bahrain Management Society - Former Chairman of Arabian ORYX Constructions & Trading Co. 	Independent/Non-Executive
15 January 2023 - Nader Mahmood, Bahraini National		
Bachelor in Commerce, University of Bahrain	Never held a Board Membership	Independent/Non-Executive
16 January 2023 - Osama Al Arrayedh, Bahraini National		
Master of Philosophy, University of Nottingham - UK	Previously held several Board Memberships in Bahrain (including Alba: 2006-2019)	Independent/Non-Executive
16 January 2023 - Meshaal Nasser Hamad Al Thawadi, Bahraini National		
<ul style="list-style-type: none"> - Master of Science in HRM, Bournemouth University, UK - MBA, Arab Academic of Science and Technology, Egypt 	<ul style="list-style-type: none"> - Never held a Board Membership - Executive Manager, Go Contracting - Tutor, Saudi Training Institute 	Independent/Non-Executive
16 January 2023 - Hala Abdul Hameed Mufeez, Bahraini National		
<ul style="list-style-type: none"> - Certified Public Accountant, State of Illinois - Bachelor of Science in Accounting, University of Bahrain 	<ul style="list-style-type: none"> - Board member of Banagas and Chairperson of Audit Committee - Board member of Tawsea and Chairperson of Audit Committee - Finance Manager in Tatweer Petroleum 	Independent/Non-Executive
17 January 2023 - Sawsan AbulHassan, Bahraini National		
Master of Business Administration in Finance, University of Bahrain	<ul style="list-style-type: none"> - Executive Director of Al Bustani Group - Group Finance Advisor, Al Hassanain BSC © - Board Director of Bahrain Chamber - Independent Director of Benefit - Independent Director of GARMCO - Previously held several Board Memberships in Bahrain 	Independent/Non-Executive
17 January 2023 - Mutlaq Al Morished, Saudi National		
- Master of Business Administration, Stanford University, UK	<ul style="list-style-type: none"> - CEO of Tasnee - Board member of Tasnee 	Independent/Non-Executive

- Master of Science in Nuclear Engineering, Princeton University, USA	<ul style="list-style-type: none"> - Board member of Gulf Petrochemical & Chemical Association (GPCA) - Board member of CITI Group in Saudi Arabia - Board member of GCC Board Director Institute - Board member of Saudi General Authority for Military Industries - Board member of TRONOX (NYC) - Board Member of A. M. Bin Saedan Real Estate Co. - Chairman of the Board of National Metal Manufacturing & Casting Co. (Maadaniyah) 	
18 January 2023 - Tareq Wafa, Bahraini National		
Bachelor of Commerce, Kuwait University, Kuwait	<ul style="list-style-type: none"> - Chairman, CEO and Founder of TRICOM Group - Vice Chairman and Managing Partner of KW Ventures - Chairman and Co-Founder of Further Communication - Former Board of Director of Magnum Holdings Group 	Independent/Non-Executive
22 January 2023 - Basem Al Saie, Bahraini National		
Bachelor of Science in Mechanical Engineering, Boston University - US	<ul style="list-style-type: none"> - Board member of Bahrain Chamber of Commerce & Industry, Executive Committee and Board - Director at Kalaam Telecom - Managing Director at Polycon Bahrain - Managing Director & Partner at Installux Gulf - Previously held several Board Memberships in Bahrain (including GARMCO: 2018-2020) 	Independent/Non-Executive
22 January 2023 - Mohsen Ali Abdulla Husain, Bahraini National		
Bachelor of Science in Accounting, University of Bahrain	- Former Board Member of GIG Bahrain (2007-2011)	Independent/Non-Executive
22 January 2023 - Ali Fardan, Bahraini National		
<ul style="list-style-type: none"> - International Director Program (module 1&2), INSEAD - Diploma in Executive Management, University of Bahrain 	<ul style="list-style-type: none"> - Deputy Chairman and Chairman of the Executive Committee at Bahrain Bourse 	Independent/Non-Executive

	<ul style="list-style-type: none"> - Member of the Board and the Executive Committee of Bahrain Clear - Member of Harvard Business Review Advisory Council - Member of the Board and the Executive Committee of Islamic International Financial Market (IIFM) - Founder of National Bank of Kuwait – Bahrain (General Manager of NBK Bahrain: 2010) 	
22 January 2023 - Rayan Kazerooni, Bahraini National		
Master of Business Administration, University of Strathclyde, UK	Never held a Board Membership	Independent/Non-Executive
22 January 2023 - Darwish Al Mannai, Bahraini National		
Higher Diploma in Management, University of Salford, UK	<ul style="list-style-type: none"> - Chairman of the Advisory Board of Al Naseem International School - Chairman of the Bahrain Industrial Association - Previously held several Board Memberships in Bahrain 	Independent/Non-Executive
24 January 2023 - Ali Beshara, Bahraini National		
<ul style="list-style-type: none"> - Ph.D student in University of Bahrain - Masters in Public Administration, Aix-Marseille, France (First Class Honor) 	<ul style="list-style-type: none"> - Head of Information Security and Risk Management at The Benefit Company - Never held a Board Membership 	Independent/Non-Executive
25 January 2023 - Mahmood Al Hubaishi, Bahraini National		
Master of Science in International Management, University of Liverpool, UK	- Account Management, Mastercard – Bahrain - Never held a Board Membership	Independent/Non-Executive
26 January 2023 - Moh'd Yousif, Bahraini National		
<ul style="list-style-type: none"> - Ph.D student in University of Bahrain - Master in Chemical Engineering, University of Bahrain 	<ul style="list-style-type: none"> - Instructor/Teacher at University of Bahrain, Department of Chemical Engineering - Former Alba employee 	Independent/Non-Executive



12 Any concerns that may arise in accordance with Article 207 of the Commercial Companies' Law

Reference: Article 207 of the Commercial Companies' Law

- a) The general assembly may not deliberate matters other than those listed on the agenda except where:
 - 1. It is of an urgent nature that arose after the agenda was prepared.
 - 2. Arose during the course of the meeting.
 - 3. If requested in writing to be included in the agenda by the competent government authority responsible for overseeing the company, any of the public juridical person which is a shareholder in the company, the company's auditor or a number of shareholders who own at least five (5%) of the shares of those in attendance at the meeting.
- b) If, in the course of discussion, it became apparent that the information related to certain matters before the assembly are not adequate, the meeting shall be adjourned for no more than ten (10) business days if so requested by a number of shareholders owning one fourth (25%) of the shares which represented the quorum of the meeting.
- c) The resolution passed by the general assembly in the urgent matters that had arisen shall be submitted to the competent Ministry for commerce affairs, or to the Central Bank of Bahrain in respect of its licenses, within five (5) business days following the meeting of the general assembly.



The Agenda of the Extraordinary General Meeting

- 1. Review and approve the minutes of the previous Extraordinary General Meeting held on 08 March 2020**



Aluminium
for the world

Aluminium Bahrain B.S.C.
C.R. No.999



المنيوم
للعالم

المنيوم البحرين ش.م.ب
سجل تجاري رقم: ٩٩٩

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING (EGM) OF THE SHAREHOLDERS OF
ALUMINIUM BAHRAIN B.S.C. ("ALBA") HELD ON SUNDAY 08 MARCH 2020, 11:00 A.M.
AL DANA HALL, KING HAMAD HIGHWAY, KINGDOM OF BAHRAIN**

With the attendance of the representative from the Ministry of Industry, Commerce and Tourism, Mr. Ali Al Alawi, and after duly establishing a quorum of 92.50% and 1,312,841,181 votes, the Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, called the meeting to order at 11:10 AM. Also in attendance were the following:

The Board Directors of Alba: Mr. Yousif A. Taqi, Mr. Osama M. Al Arrayedh, Mrs. Suha Karzoon, Dr. Mohamed S. Kameshki, Mr. Yaser E. Humaidan, Mr. Mutlaq H. Al Morished, Mr. Ali Al Shamrani as well as the Chief Executive Officer - Mr. Ali Al Baqali and Director- Investor Relations, Insurance and Corporate Secretary - Ms. Eline Hilal were present at the meeting. Two Board Directors - Mr. Ahmed Al Jabr and Mr. Omar Al Amoudi joined the meeting via a conference call. The representatives of the External Auditors 'KPMG Fakhro', Central Bank of Bahrain and Bahrain Bourse were also present at the meeting.

The Chairman of the Board, Shaikh Daij Bin Salman Bin Daij Al Khalifa, read through the following agenda items of the meeting and the agenda items were unanimously approved by the Shareholders.

1. Reviewed and approved the minutes of the previous Extraordinary General Meeting held on 07 March 2019.
2. Approved the addition of new service activities in connection to: - Sale/Trade of pharmaceutical and medical goods – Pharmacy (non-importing) and subject to the approval of the Ministry of Industry, Commerce and Tourism.
3. Approved the amendment and restatement of the Memorandum and Articles of Association in accordance with the amendments to Article 5 relating to the activities of the Company.
4. Authorized the Board of Directors to allow who is deemed fit for making the necessary arrangements to amend and document the Memorandum and Articles of Association.

Daij Bin Salman Bin Daij Al Khalifa
Chairman

Date: 09 March 2020

Eline Hilal
Director - Investor Relations, Insurance & Corporate Secretary

Date: 09 March 2020



2. Approved the Management's recommendation to transfer the registration of Alba Club WLL, currently registered under Commercial Registration No. 99789-1, and to register it as a branch of Aluminium Bahrain B.S.C. (Alba) under Commercial Registration No. 999-1

Article (5): Objects of the Company	المادة (5): أغراض الشركة
<p>The objects of the Company shall be as follows:</p> <p>Firstly The Company as a public shareholding Company aims to undertake its activities within and outside the Kingdom of Bahrain.</p> <p>Secondly The general business objectives of the Company shall consist of the following activities:</p> <p>a. To build and conduct aluminium smelters for the production of aluminium and to produce and sell aluminium within and outside the Kingdom of Bahrain.</p> <p>b. To produce, purchase, import, search and prospect for alumina, and to acquire, rent and possess lands which may seem to the Company possible of affording a supply of ore suitable and necessary for the production of alumina.</p> <p>c. To fabricate or semi-fabricate aluminium and to sell the products of the Company in the markets.</p> <p>d. To establish, maintain and operate shipping, air transport and road transport services and to construct roads for transport for the purposes of the Company's above-mentioned objects.</p> <p>e. To carry on any other trade or business and to transport and do all matters and things calculated directly or indirectly to promote the carrying on of such business or to enhance the value of or to render profitable any of the Company's property or rights.</p> <p>f. The Company may have an interest in any entities or organisations undertaking similar businesses or which may assist it in realising its objects, whether in the Kingdom of Bahrain or outside it and it may participate in any manner in the above-mentioned entities or organisations or be subsumed therein or</p>	<p>تكون أغراض الشركة كالتالي:</p> <p>أولاً تهدف الشركة باعتبارها شركة مساهمة عامة إلى مزاوله نشاطها بالتعامل داخل مملكة البحرين وخارجها.</p> <p>ثانياً تشمل الأغراض العامة للشركة النشاطات التالية</p> <p>(أ) بناء وإدارة مصاهر الألمنيوم وإنتاجه وبيعه داخل مملكة البحرين وخارجها.</p> <p>(ب) إنتاج وشراء وإستيراد مادة الألمينا والتنقيب عنها وإستكشافها وتملك وإستئجار وحيازة الأراضي التي قد ترى الشركة إحتمال وجود المواد الأولية اللازمة والمناسبة لإنتاج مادة الألمينا فيها.</p> <p>(ت) التصنيع الكامل والجزئي للألومنيوم وبيع منتجات الشركة في الأسواق.</p> <p>(ث) القيام بإنشاء وإدارة وصيانة عمليات النقل البحري والجوي والبري وإنشاء طرق للمواصلات مما يستلزمه تحقيق أغراض الشركة المذكورة.</p> <p>(ج) مباشرة أي نوع من أنواع التجارة والأعمال والتصرفات التي تساهم مباشرة او بطريق غير مباشر في تحقيق أغراض الشركة ونموها وزيادة دخلها وكسبها من ممتلكات الشركة وصلاحياتها.</p> <p>(ح) يجوز للشركة أن يكون لها مصلحة مع أي من المؤسسات والهيئات التي تزاول أعمالاً شبيهة بأعمالها او التي قد تعاونها على تحقيق أغراضها وذلك في مملكة البحرين أو خارجها كما يجوز لها أن تشترك بأي وجه من الوجوه مع المؤسسات والهيئات المذكورة وأن تندمج فيها أو تشتريها أو تلحقها بها أو تتحد معها.</p> <p>(خ) ممارسة أنشطة الخدمات المتصلة بالنقل المائي - إدارة وتشغيل الموانئ العامة والخاصة ويشمل إدارة وتشغيل الرصيف و مناولة البضائع و تنظيم حركة السفن داخل الميناء، وتحميل وتفريغ البضائع و الحاويات بالإضافة الى إدارة اماكن التخزين والمستودعات وغيرها من الانشطة المرخص بها</p> <p>(د) ممارسة أنشطة الخدمات المتصلة بالعيادات الطبية غير المتخصصة.</p>



<p>purchase them or be merged or amalgamated therewith.</p> <p>g. To carry-out service activities incidental to water transportation - management and operation of ports and private jetties which includes management and operating of the jetty, movement of ships, loading and unloading of the ships container and cargo as well as storage.</p> <p>h. To carry-out service activities incidental to non-specialized medical clinics.</p> <p>i. To manufacture other chemical products - Factory</p> <p>j. To manufacture non-metallic mineral productsFactory</p> <p>k. To sell/trade pharmaceutical and medical goods – Pharmacy (non-importing).</p> <p>l. To carry-out activities of private sports club, operation of sports activities, activities of producers or promoters of sports events, organisation of conventions, events and trade shows, and other amusement and recreation facilities.</p>	<p>(ذ) صنع المنتجات الكيميائية الأخرى غير المصنفة في موضع آخر – مصنع.</p> <p>(ر) صنع المنتجات الكيميائية الأخرى غير المصنفة في موضع آخر – مصنع.</p> <p>(ز) تجارة/بيع للسلع الصيدلانية والطبية - صيدلية (غير مستورد).</p> <p>(س) ممارسة أنشطة النوادي الرياضية الخاصة، المنتجين والمتعهدين المنظمين للأحداث الرياضية، تشغيل المرافق الرياضية، تنظيم المؤتمرات والمعارض التجارية، وأنشطة أخرى للترفيه والاستجمام.</p>
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3. **Approve the amendment and restatement of the Memorandum and Articles of Association in accordance with the amendments to Article 5 relating to the Activities/Objects of the Company**
4. **Authorize the Board of Directors to allow who is deemed fit for making the necessary arrangements to amend and document the Memorandum and Articles of Association**