

The Alcoa logo, consisting of the word "alcoa" in a blue, lowercase, sans-serif font.

Aluminium  
for the world



YEARS

1971  
—  
2021

THEN & NOW

5 Decades of Success

Annual Report 2021







**The Late Amir of Bahrain,  
Shaikh Isa  
bin Salman Al Khalifa**

May God rest his soul  
in peace

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**His Majesty  
King Hamad  
bin Isa Al Khalifa**

The King  
of the Kingdom of Bahrain

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**His Royal Highness  
Prince Salman  
bin Hamad Al Khalifa**

The Crown Prince  
and Prime Minister

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# Board of Directors



**Shaikh Daij bin  
Salman bin Daij Al Khalifa**  
Chairman

**Yousif A. Taqi**  
Director

**Suha S. Karzoon**  
Director

**Mutlaq H.  
Al Morished**  
Director

**Shaikh Isa bin  
Khalid Al-Khalifa**  
Director



**Omar Al Amoudi**  
Director

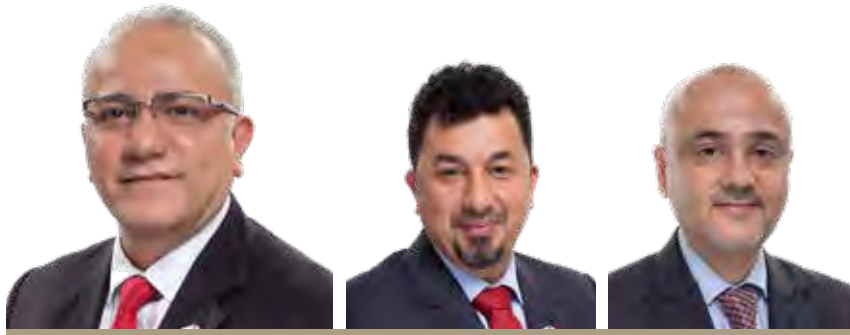
**Tim Murray**  
Director

**Rasha M. Sabkar**  
Director

**Ahmed Al Duriaan**  
Director

**Iyad Al Garawi**  
Director

# Executive Management



**Ali Al Baqali**  
Chief Executive  
Officer

**Khalid A. Latif**  
Chief Marketing  
Officer

**Amin Sultan**  
Chief Power  
Officer



**Waleed Tamimi**  
Chief Supply  
Officer

**Dr. Abdulla Habib**  
Chief Operations  
Officer

**Bryan Harris**  
Chief Financial  
Officer

# To our Shareholders



On behalf of Alba's Board of Directors, I am pleased to share with you Aluminium Bahrain B.S.C. (Alba) Annual Report for the financial year-ended 31 December 2021.

## “WE ARE COMMITTED TO LEAD BY EXAMPLE AND MOVE FORWARD TOGETHER TO GIVE BACK TO BAHRAIN”

### To our esteemed shareholders,

Before I reflect on the year that has passed, I would like to express my sincere thanks and appreciation to His Majesty King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain and His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister for the ongoing support that Alba continues to receive at all times.

2021 marked Alba's 5 decades of operations..... a golden year in many aspects. Despite the hardships the COVID-19 pandemic brought to many around the world, the Company

strengthened its sense of responsibility and demonstrated its resilience by exceeding its Production target, scoring a record-breaking financial performance, and staying ahead of the curve in the ever-important arenas of Environment, Social and Governance (ESG).

I would like to highlight our financial performance in a nutshell: Our Production topped 1,561,222 metric tonnes versus 2021 Target of 1,550,000 metric tonnes (MT); EBITDA reached US\$1.636 billion for Full Year of 2021; EBITDA Margin, the highest ever achieved in Alba's history of commercial operations, at 43.5% in Q4 2021 and 38.8% for Full Year of 2021; Value-Added Sales averaged 63% of total shipments; and Net Profit has set an all-time precedent of US\$1.2 billion for Full Year of 2021.



We believe that our exceptional performance in Production is tied-up to the Line 6 Expansion Project as it has added more than 540,000 metric tonnes to Alba's +1 million MT nameplate capacity with its 5 reduction lines. The metal produced from reduction line 6 will play a significant role in Alba's contribution towards the upcoming Aluminium Downstream Park, which in turn aims to grow the Kingdom's exports through different Aluminium manufacturing and recycling projects.

What made our achievements truly remarkable is that they were driven by a sound Safety performance as we achieved Zero Lost Time Injury (LTI) and ended 2021 with more than 20 million safe working hours without LTIs. Safety has always been the number 1 priority for Alba and our strong Safety culture is backed by the tailor-made campaigns which always emphasise one main message: 'Safety First, Safety Always, Safety At All Times.' We believe that Safety and Productivity are mutually inclusive.

We also made giant strides in ESG with the launch of our Spent Pot Lining (SPL) Treatment Plant, a key initiative that translates Alba's commitment towards the Environment in line with the Bahrain's Carbon reduction objectives. With the SPL Treatment Plant in operation since early December 2021, the Company is further integrating Waste Management and Recycling in its operational spectrum to create sustainable value in a circular economy. We have embarked on a transformative journey as we have launched in February 2022 our fully-fledged ESG roadmap in line with Bahrain's Objectives towards 'Net Zero' by 2060 which were announced by HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Prime Minister at the 26th United Nations Climate Change Conference of the Parties (COP26). Moreover, we issued a tender for a + 5 MW solar farm in collaboration with Bahrain Sustainable Energy Authority; signed an agreement with Mitsubishi & SEPCO III Consortium to be the EPC for fourth additional block in Power Station 5 to further our efficiency and lower GHG emissions in Alba's overall power generation: incorporated advanced technologies and invested in digitalization to improve operational efficiency in the plant.

One of the key factors behind our strong ESG momentum is our good practices in Corporate Governance. We believe that good governance is at the core of the Company's long-term success and clinching the prestigious 'Best Corporate Governance Award' in Bahrain by Ethical Boardroom for 2021 is a statement that our people are the essence of our strong governance. Corporate Governance is about the way we do business in Alba, it is a discipline we incorporate in every activity we have.

## “OUR MISSION AND PURPOSE ARE CENTERED AROUND OUR VARIOUS STAKEHOLDERS AND THAT IS WHAT GUIDES OUR STRATEGY FOR GROWTH”

For all our successes, I give my deepest thanks to our people for rising to the many challenges that faced us during 2020 and 2021. Our people, our pride whom without them, no achievement throughout our 50-year history would have been made possible. A special thanks to Alba's frontliners for ensuring that our operations round the clock are running smoothly all the while maintaining the Safety of our workforce.

I also thank my distinguished fellow Board Directors for their strategic support and guidance and Alba's Executive Management for their valuable contribution. I would also like to thank Bahrain Mumtalakat Holding Company and SABIC Industrial Investment Company (SIIC) for their valuable and constant support.

From the first aluminium smelter in the Middle East to the world's largest aluminium smelter ex-China, Alba has embodied the visionary outlook of the Kingdom of Bahrain since it first started commercial operations in 1971. We have entered 2022 in a good position and are confident in the underlying value of what we have built. We will remain committed to the best interests of our shareholders and stakeholders through a balanced approach towards productivity and sustainability.

**Daj bin Salman bin Daj Al Khalifa**  
Chairman of the Board  
Aluminium Bahrain B.S.C. (Alba)



It gives me great pleasure to address our stakeholders by reflecting on Alba's performance and achievements throughout 2021.

## “LUCK ALWAYS RUNS OUT, BUT SAFETY IS GOOD FOR LIFE”

With many unknowns between COVID-19 pandemic, the impact of social distancing on our work and life, the challenges of global supply shortages, the impacts of fires and natural disasters, volatile unprecedented cybersecurity threats – all of which have expanded our ability to grow in resilience.

First and foremost, I would like to thank our workforce, employees and contractors' personnel, for their unrelentless commitment to maintaining the continuity of operations and for helping us weather this crisis. I would also like to recognize our frontline employees for their support during this critical time. We are truly proud and inspired by our people who have risen to this challenge with agility and resilience, and

more importantly, together as a team. Reaching a 99.7% vaccination rate with a 3,100-plus workforce is not an easy feat; deep appreciation to those who made the right choice of vaccinating, thus protecting themselves, their families, and the society. We also received numerous accolades that attest Alba's efforts in ensuring the Health and Safety of its employees and contractors' personnel amidst COVID-19 Pandemic.

Years of dedicated efforts to keep 'Safety First and Safety Always' has led to a strong Safety mindset across the Company. It does not matter if we are shopfloor employees, support staff, administration employees or contractors' personnel, Safety sits at the top of our priorities. And this approach has truly helped us navigate the difficult years of 2020 and 2021; it will also continue to serve the best interests of our people and the Company while the crisis persists in 2022.

## 2021: A Golden Year on Many Fronts

2021 has truly been a Golden Year for Alba as we celebrated 50 years of commercial operations. From a 120,000 metric tonne per annum (mtpa) producer to the world's largest aluminium smelter ex-China with a production of plus-1.561 mtpa, our journey has been truly inspiring. We are proud that for over five decades, we have been a trailblazer on many fronts – Safety, Environment, People Development and Social Responsibility amongst others.

In 2021, we were proud to have achieved all-time highs on many operational fronts to include a production record of 1,561,222 metric tonnes. What made 2021 extraordinary is that our Safety performance was behind our all-time productivity -- achieving 0 LTIs and more than 20 million safe working hours. Moreover, we commissioned the Region's first-of-its-kind Spent Pot Lining Treatment Plant -- this Project represents a tangible progress, not only in addressing our commitment as well as stakeholders' interests to reduce and recycle waste but also in transforming SPL into a value-added product and creating sustainable value in a circular economy; received the ISO 22301:2012 certification for Business Continuity Management System (BCMS); and won the Volunteer Service Award by InJaz Bahrain for contributing 482 Volunteering Hours, the highest amongst Bahraini companies in 2020-21.

We also took further leaps on the Environment, Social and Governance (ESG) fronts with the announcement of a 5.5 MW – 7 MW Solar Farm Project, partnerships for Bahrain's upcoming Aluminium Downstream Park, Memorandum of Understanding (MoU) with Bahrain's Sustainable Energy Authority (SEA) to seek sustainable energy solutions and many more to come in 2022.

These initiatives, along with actionable plans to address Climate Change and our full-fledged Sustainability Roadmap (launched in early 2022) will play a fundamental role in shaping our future as an environmentally and socially responsible producer, all the while supporting the Kingdom of Bahrain in reaching its sustainability goals.

Three Comma Club for 2 Major KPIs

We have scored many firsts in our history -- all of which were made possible thanks to Line 6 Expansion Project:

- EBITDA entered US\$1.636 billion-Club league for Full Year of 2021
- Setting an all-time precedent for our Net Profit as we hit US\$1.2 billion for Full Year of 2021

**“THERE IS NO GREATER INVESTMENT OTHER THAN EDUCATING OUR HUMAN CAPITAL AS THIS WILL GIVE US THE BEST RETURN WE AIM FOR -- BECOMING THE NUMBER ONE ALUMINIUM SUPPLIER FOR THE GENERATIONS TO COME ”**

EBITDA Margin, the highest ever achieved in Alba's history, at 43.5% in Q4 2021 and 38.8% for Full Year of 2021.

## Seeking a Brighter Future

Alba has bigger aspirations for 2022 and the sky is our limit. We have started this year with a robust Balance Sheet and ambitious plans to set new benchmarks in Safety, ESG, Operational and Financial performance.

Our Objectives for 2022: Together #1 in Safety and ESG, Keep Counting... US\$100 million, Get Smarter and Challenge Yourself to be More Efficient – translate our new Vision, Mission and Values and will act as a springboard to steer us in our journey for the generations to come.

As one of the leading companies in Bahrain, we can only produce responsibly by achieving the balance between our business activities and sustainable initiatives. We aim to lead in everything we do; we owe that to our Government, Community, and the future generations.

**Ali Al Baqali**  
Chief Executive Officer  
Aluminium Bahrain B.S.C. (Alba)



# Operational Highlights



## JANUARY

**Operational:** Alba CEO unveils new Vision, Mission and Values at the inaugural session of Majlis 2021

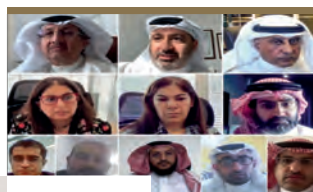
**Operational:** Alba announced promotion of 199 national employees across the plant

**Human Development:** Alba welcomes key management members From Ahlia University



## FEBRUARY

**Financial :** Alba discloses its financial results for the Fourth Quarter and Full-Year of 2020



## MARCH

**Strategic:** Alba CEO featured in Forbes Top CEOs in the Middle East 2021

**ESG:** Alba participates in GAC Virtual ESG Seminar 2021

**Financial:** Alba holds its Annual General Meeting for 2021

**Award:** Alba wins British Safety Council's International Safety Award 2021



## APRIL

**Safety:** Alba launches 'The Right Choice' mini-SHE Campaign

**Achievement:** Alba lands ISO 22301:2012 Certification in Business Continuity Management System

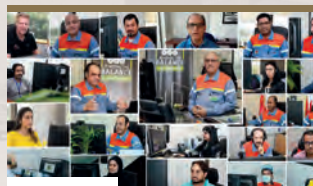
**Safety:** Alba achieves 10 Million Safe Working-Hours without LTI



## MAY

**Financial:** Alba discloses its Financial Results for Q1 2021

**Strategic:** Bahrain International TV features Alba's CEO Ali Al Baqali



## JUNE

**Operational:** Alba holds its Board meeting for second quarter of 2021

**Award:** Alba scoops Best Corporate Governance Award in Bahrain by Ethical Boardroom

**ESG:** Alba launches its First Environment, Social and Governance Campaign

**Award:** Alba wins RoSPA Gold Medal Award for the 8th Consecutive Year



# ALBA



## JULY

**Safety:** Alba receives Safeguard Label from Bureau Veritas

**Human Development:** First batch of Alba employees certified as Lead Auditors for ISO 22301:2012 BCMS



## AUGUST

**Financial:** Alba discloses its financial results for Q2 and H1 of 2021

**Human Development:** Alba marks the Supreme Council for Women's 20th Anniversary with a ceremony for its female employees

**Award:** Alba wins Bronze in Brandon Hall Group Excellence in Learning Awards

**Human Development:** Alba CEO receives the director of Nasser Vocational Training Centre

**Operational:** Alba Chairman Inaugurates the New Jetty Extension & Additional Raw Materials' Storage Facilities at the Company's Marine Terminal



## SEPTEMBER

**Human Development:** Alba holds Awarding Ceremony for its Volunteer Employees in INJAZ Bahrain Programme

**Operational:** Alba holds its Q3 2021 BoD Meeting in-person for the first time since COVID-19 pandemic



## OCTOBER

**Operational:** Alba Chairman visits Power Stations 3 & 5

**Strategic:** Alba delegation led by its Chairman of the Board at the 24th Arab-German Business Forum 2021

**ESG:** Alba launches its second ESG Campaign 'Shaping Our Future'

**Financial:** Alba reports its financial results for Q3 & 9 Months 2021



## NOVEMBER

**Financial:** Alba declared US\$100 million interim dividend

**ESG:** Alba endorses Call to Action for Decarbonization to meet Bahrain's Net Zero Emissions by 2060

**Award:** Alba CEO receives People First Leader Award 2021 companies in Bahrain

**ESG:** Alba supports Bahrain's national initiatives to combat climate change with 'A Tree for Every Employee'

**Operational:** Alba Chairman of the Board of Directors tours reduction line 6



## DECEMBER

**Operational:** Alba holds Board Meeting for Q4 of 2021

**Human Development:** Alba celebrates Bahraini Women's Day 2021

**ESG:** Alba transitions to ESG with the appointment of Acting Manager for ESG

**ESG:** Alba releases its 2020 Sustainability Report

**Operational:** Alba's SPL Treatment Plant, first-of-its-kind in the region, commissioned by the Chairman of Board of Directors

**Operational:** Alba announces the launch of its new website

**Achievement :** Alba HM King receives Alba's Chairman and CEO on the occasion of the company's Golden Jubilee

**Operational:** Alba sets an all-time Production Record of 1,561,222 MT

# Financial Highlights



## METAL SALES

4,162

US\$ million

2020: 2,182 | Y-o-Y Growth: 48%

Metal Revenues up by 48% YoY driven by higher LME price, Sales' volume and Premiums



## CASH PAYBACK TO SHAREHOLDERS

100

US\$ million

2020: 0 | Y-o-Y Growth: 100%

Interim Dividend of US\$100 million was paid in November 2021 and final dividend of US\$200 million is proposed to be paid in March 2022 subject to Shareholders' approvals (Total Dividend is US\$300 million)



## EQUITY RATIO

57%

2020: 46%

Y-o-Y Growth: 25%

Equity Ratio up by 25% YoY owing to a strong increase in Total Equity (vs. an increase of 11% YoY in Total Assets)



## EBITDA

1,636

US\$ million

2020: 455 | Y-o-Y Growth: 260%

EBITDA up by 260% YoY driven by higher LME price & premiums



## NET DEBT

2,218

US\$ million

2020: 2,606 | Y-o-Y Growth: (15%)

Net Debt down by 15% YoY thanks to an increase in Cash/Bank balances and decrease in Loans/Borrowings

For further information, please refer to Alba's Audited Financial Statements in the last section of the 2021 Annual Report



**EBITDA** = Profit for the year before tax + Finance cost - Changes in fair value of derivative financial Instruments + Depreciation + Amortisation

**Net Debt** = Total Borrowings - bank balances and cash

**Equity Ratio** = Total Equity / Total Assets

**Leverage Ratio** = Total Liabilities / Total Assets



## SHAREHOLDERS' EQUITY

3,997

US\$ million

2020: 2,871 | Y-o-Y Growth: 39%

Shareholders' Equity topped US\$3,997 million - an increase of 39% YoY thanks to record Profits



## NET PROFIT

1,202

US\$ million

2020: 26 | Y-o-Y Growth: 4,532%

Net Profit up by 4532% YoY driven by higher EBITDA and partially impacted by higher Selling and Distribution Expenses



## NET DEBT TO EBITDA

1.36x

2020: 5.73x

Y-o-Y Growth: 4.37%

Lower Net Debt to EBITDA thanks to a record EBITDA in 2021



## FREE CASH FLOW

592

US\$ million

2020: 195 | Y-o-Y Growth: 204%

Free-Cash Flow increased by 204% YoY thanks to an increase in Cash Flow from Operations



## LEVERAGE RATIO

43%

2020: 54%

Y-o-Y Growth: (21%)

Leverage Ratio, down by 21% YoY, owing to an increase in Total Assets and marginal drop in Total Liabilities

# 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 2021 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 seeks, where applicable, to exceed the minimum requirements set by the MOICT Code and the CBB Module as well as implement additional recommendations in line with international best practices. The Company operates in line with a set of 'Corporate Governance Guidelines' which was approved by the Board in June 2015. Compliance with the Code is monitored by the Board Nomination, Remuneration and Corporate Governance Committee through regular updates by the Corporate Governance Officer and Corporate Governance related reviews by Internal Audit.

A Board approved 'Code of Conduct' - on par with leading international codes of ethics to set-out the required ethical conduct for all employees and representatives of the Company - was launched across Alba by the Executive team through a comprehensive communication and training program. 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.

Effective 01 September 2018, the Company has also appointed a Corporate Governance Officer as per the requirement of the Code to ensure that the policies

and procedures applied at Alba 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.

- **Fraud Reporting and Investigation Policy:** Alba's Board of Directors have approved an updated version of this Policy on 29 September 2021 (a new section has been added with regards to the assessment of Integrity Line Reports).
- **Internal Audit Standards & Procedures:** Alba's Board of Directors have approved an updated version of the Internal Audit Standards and Procedures on 29 September 2021 to regularise the current process.
- **Anti-Money Laundering & Combating the Financing of Terrorism Policy:** Approved by the Board of Directors on 29 September 2021, this new Policy ensures that Alba prohibits and actively prevents money laundering and the financing of terrorism, by deploying the highest operating standards to guarantee that its activities are undertaken within the legal parameters.
- **Anti-Bribery & Corruption Policy:** Alba's Board of Directors have approved this new Policy on 29 September 2021 to govern the Company's business activities in a transparent and ethical way in line with the regulations.
- **Key Persons Dealing Policy:** Alba's Board of Directors have approved an updated version of this Policy on 29 September 2021 where compliance obligations have been referenced to CBB Rulebook and Bahrain Bourse Trading Key Persons Dealing Framework. This policy governs Alba's dealings in Ordinary Shares and GDRs (or other listed securities, if any) of the Company by Alba Key Persons which includes Board of Directors, senior management and such other persons as decided by the Company to have access to insider information from time to time.



The Board of Directors assumed the responsibility of compliance with the provisions of the Code and CBB Module for year-ended 2021.

## Board Composition

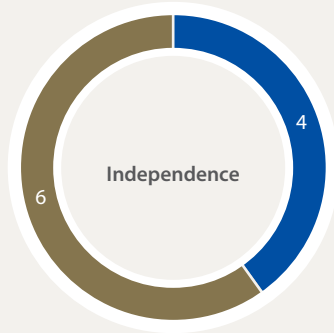
Name	Age* 31 Dec'21	Member Since	Directorships of other Boards	Position
Shaikh Daij Bin Salman Bin Daij Al Khalifa	52	2014	Masafat Travel & Tourism S.P.C.	Owner
Yousif A. Taqi	59	2008	Bahrain Middle East Bank	Board Member
			Kuwait Finance House Bahrain	Board Member
			Eskan Bank B.S.C.©	Board Member
			The Bahrain Petroleum Company (BAPCO)	Board Member
Suha S. Karzoon	46	2015	ASMA Limited	Board Member
			GAM S.P.C.	Board member
			Mumtalakat Sukuk Holding Company	Board Member
			BMHC INV 2 & 3 W.L.L.	Board Member
			Bahrain Investment Holding Co. – Istithmar B.S.C.©	Board Member
			Jewel Holdings Limited	Board Member
			Zeus Dilmun Holding Limited	Board Member
			Khairat Al Bahrain 1 & 2 Holding W.L.L.	Board Member
			Muhaq W.L.L.	Board Member
			Murooj Al Bahrain Co. LTD	Board Member
			Prodrive Int. Company B.S.C.©	Board Member
BMHC Investment 1	Board Member			
Rasha Sabkar	51	2020	Bahrain Real Estate (Edamah)	Director
			Economic Development Board (EDB)	Director
Shaikh Isa Bin Khalid Al-Khalifa	42	2020	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	50	2020	-	-
Iyad Al Garawi	41	2020	Saudi Iron Company (Hadeed)	Director
			The Saudi Arabian Industrial Investments Co. (Dussur)	Director
Ahmed Al Duriaan	56	2020	GARMCO	Director
			Takamul	Director
Omar Abdullah Al Amoudi (Elected on 10 March 2019)	59	2019	Saudi iron & Steel Co.	Chairman
Mutlaq H. Al Morished (Elected Independent Director)	64	2015	National Metal Manufacturing & Casting (Maadaniyah)	Chairman
			Alinma Bank	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]

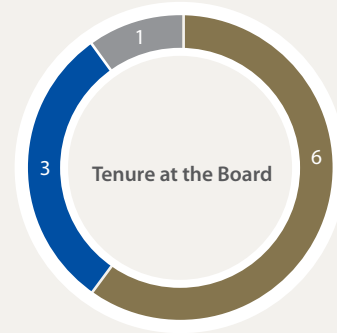
Board Members	Board	Board Audit Committee	NRCGC Committee	Executive Committee	Categories of Directors	Reasons
Shaikh Daij Bin Salman Bin Daij Al Khalifa	✓ Chairman		✓ Chairman	✓ Chairman	Independent Non-executive	
Yousif A. Taqi	✓	✓ Chairman			Independent Non-executive	
Suha S. Karzoon	✓	✓			Non-Independent, 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	✓			✓	Non-Independent, Non-executive	As per the Appendix 1 of the Corporate Governance Code 2018, a Director shall be non-independent if he has served for the two years preceding his nomination in an executive position in the company, or the parent company or any of its subsidiaries or associates
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	
Ahmed M. Al Khamis, (Expert Member of the Board Audit Committee only)		✓			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
Dr. Ahmed Mohammed Al Balooshi (Expert Member of the Board Audit Committee only)		✓			Independent Non-executive	

## Directors' Classification

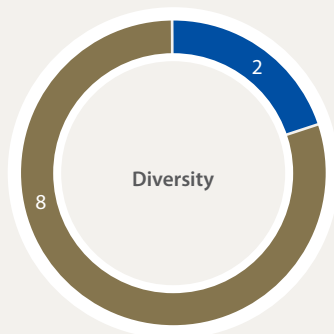


- 6 Non-independent Directors
- 4 Independent Directors

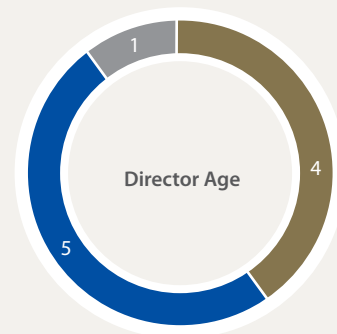
\* All Directors are Non-Executive Directors



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



- 8 Male Directors
- 2 Female Directors



- 4 Directors: 40 - 50 Years
- 5 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 Committee  
Chairman of the Nomination, Remuneration and Corporate Governance Committee  
*Non-executive/ Independent Member since 2014*



## PAST 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*



## PAST EXPERIENCE

- 30 years of experience in the financial services sector
- Recognised leader in the Islamic finance industry
- Currently, a Board Member of Kuwait Finance House - Bahrain B.S.C. ©, Eskan Bank B.S.C. ©, Bahrain Petroleum Company (BAPCO) and Bahrain Middle East Bank B.S.C.
- 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 KARZOON**  
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*



**PAST EXPERIENCE**

- Current Managing Director - Finance, overseeing Finance and Treasury 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 Committee  
*Non-executive/ Independent Member since 2015*



**PAST 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 Alinma Bank
- 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*



## PAST 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 start-up 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 and 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 Committee  
*Non-executive/ Non-Independent Member since 2019*



## PAST EXPERIENCE

- Previous Executive Vice President, Shared Services, from January 2013 to October 2016 followed by Executive Vice President, Engineering & Project Management, a position he holds till date
- Chairman of the Board of Directors of HADEED SABIC affiliate
- Board Member of Gulf Coast Growth Ventures
- Prior to his present post, he was the President of PETROKEMYA and IBN ZAHR
- Previously the Chairman of the Board of Directors of SPECIALTY CHEM, Gas & Arrazi & SAUDI KAYAN SABIC Affiliates
- Previously a 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 Committee  
*Non-executive/ Non-Independent Member since 2020*



**PAST 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*



**PAST 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*

## PAST EXPERIENCE

- Over 34 years of experience in Saudi Basic Industries Corporation (SABIC) (the 3rd largest chemicals company in the world focused on chemicals, agri-nutrients and metals)
- Chairman of HADEED Board Audit Committee
- Vice Chairman of Gulf Aluminium Rolling Mill Company B.S.C. (c) (GARMCO) Board
- Heading SABIC's global joint venture portfolio management looking after more than 50 companies across the world and leading discussions with many regional and Foreign partners to improve joint ventures performance and governance
- Prior to his current role, he has experience of more than a decade managing the Merger & Acquisitions Execution Department in Sabic. Before this, he held several positions including Hadeed Venture Manager

## 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*

## PAST 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 in 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 2021

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

For 2020, Remuneration Fees were BD 210,000 [BD30,000 for the Chairman and BD20,000 per Director] excluding Sitting Fees (BD84,000) and Attendance Fees (BD1,000 per Director per meeting); BD140,000 [refer to Note 27 in Alba's Consolidated Financial Statements of 2021].

For 2021, Attendance Fees (BD1,000 per Director per meeting) and Expense/ Allowance Fees were paid to Directors for attending the Board and Committees during 2021; Sitting fees for 2021 were paid after the Board's meeting on 10 February 2022 (to refer to the below table for the full breakdown).

The proposed Remuneration Fees for 2021 will be paid post the AGM scheduled in March 2022 and subject to shareholders' approvals.





































Names	Fixed Remunerations						Variable Remunerations					End of Service Award	Aggregate Amount	Expense Allowances
	Remuneration	Sitting Fees	Attendance Fees	Salaries	Others	TOTAL	Remuneration	Bonus	Incentive Plans	Others	TOTAL			
<i>Independent Directors</i>														
Shaikh Daij Bin Salman Bin Daij Al Khalifa	60	16	13	-	-	89	-	-	-	-	-	-	89	0.75
Yousif A. Taqi	40	8	12	-	-	60	-	-	-	-	-	-	60	0.75
Shaikh Isa Bin Khalid Al-Khalifa	40	6	12	-	-	58	-	-	-	-	-	-	58	0.75
Mutlaq Al Morished	40	6	9	-	-	55	-	-	-	-	-	-	55	1.65
<i>Non-Executive Directors</i>														
Suha Karzoon	40	6	12	-	-	58	-	-	-	-	-	-	58	0.75
Tim Murray	40	6	9	-	-	55	-	-	-	-	-	-	55	1.95
Rasha Sabkar	40	6	9	-	-	55	-	-	-	-	-	-	55	0.75
Omar Al Amoudi	40	6	9	-	-	55	-	-	-	-	-	-	55	2.55
Iyad Al Garawi	40	6	9	-	-	55	-	-	-	-	-	-	55	2.55
Ahmed Alduriaan	40	6	9	-	-	55	-	-	-	-	-	-	55	1.65
<i>Expert Members of the Board Audit Committee</i>														
Ahmed Al Balooshi	-	6	7	-	-	13	-	-	-	-	-	-	13	-
Ahmad Khamis	-	6	7	-	-	13	-	-	-	-	-	-	13	-
<b>Total</b>	<b>420</b>	<b>84</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>621</b>	<b>14.1</b>

# Corporate Governance

## Board Meetings in 2021 [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 4 Board Meetings in 2021 which were held on

10 February, 07 June, 29 September, and 01 December. Board meetings in Q1 and Q2 of 2021 were held virtually via Microsoft Teams while meetings in Q3 and Q4 of 2021 were held in-person.

Director	10-Feb-21	7-Jun-21	29-Sep-21	1-Dec-21
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				
Ahmed Alduriaan				





### Board's Duties and Responsibilities

The functions of the Board are those established by the Corporate Governance Code 2018 and the Commercial Companies' Law of the Kingdom of Bahrain as well as the Memorandum and Articles of Association of the Company (the "Articles"). The Board's duties, as per the updated Board Charter on 27 September 2020, 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, 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) summarises 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;
- 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.

The Levels of Authority was reviewed and updated by the Board on 29 September 2021.

# Corporate Governance

## 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 organisations and companies in the Kingdom of Bahrain. Other than the purchase of natural gas, other transactions conducted 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:

<b>Tatweer</b>	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
<b>Bahrain Petroleum Company B.S.C. © (BAPCO)</b>	Supplies diesel to Alba. BAPCO has the same ownership of Tatweer
<b>Bahrain International Circuit Company S.P.C. (BIC)</b>	The Company extends sponsorship to BIC for Formula 1 Race. BIC is a subsidiary of Bahrain Mumtalakat Holding Company B.S.C. ©
<b>Gulf Aluminium Rolling Mill Company B.S.C © GARMCO</b>	The Company sells its products to GARMCO which is an associated company of Bahrain Mumtalakat Holding Company B.S.C. ©
<b>Asturiana de Aleaciones S.A.</b>	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. ©
<b>Aleatur Bahrain</b>	The Company sells its aluminium products to Aleatur Bahrain, which is also one of the associates of Bahrain Mumtalakat Holding Company B.S.C. ©
<b>Bahrain Telecommunications Company B.S.C. (Batelco)</b>	The Company also conducts regular transactions with Bahrain Telecommunications Company B.S.C. (Batelco)
<b>Electricity and Water Authority (EWA)</b>	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 2021.

## 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:

<b>31 December 2021</b>	<b>1,251,000</b>
31 December 2020	1,251,000



## 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

## Alba Executive Management

Name	Age	Position	Date of First Appointment	Appointment Date of Current Position
Ali Al Baqali	52	Chief Executive officer	May 1998	Appointed as CEO on 13 February 2020
Amin Sultan	53	Chief Power Officer	May 1997	May 2017
Khalid Abdul Latif	50	Chief Marketing Officer	September 1989	September 2015
Abdulla Habib	50	Chief Operations Officer	March 1995	February 2018
Waleed Tamimi	47	Chief Supply Officer	May 2011	September 2017
Bryan Harris	51	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.

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 in March 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 2021, all Directors have completed the Board and Committees' questionnaires.



**ALI AL BAQALI**  
Chief Executive Officer

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

Joined Alba in 1998



## PAST 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
- 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
- Al Baqali was recognised as one of the top business leaders in the Forbes Top CEOs in the Middle East 2021, and his leadership skills has placed Alba as one of the top Bahraini companies in the Forbes Top 100 Companies in the Middle East 2021
- Deputy Chairman of the International Aluminum Institute (IAI) - 2019
- Professional Member of the Chartered Institute of Purchasing & Supply (CIPS) – UK - 1998
- Member of the Board, Gulf Aluminium Council (GAC) - 2019
- Member of GCC Board Directors Institute – 2021
- Member of the Board, Tenmou – 2014
- Member of the Board, INJAZ - 2016
- Member of the Board, St. Christopher's School 2019 - 2020
- Deputy Chairman of the Board of Trustees, Bahrain Polytechnic - 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



**KHALID ABDUL LATIF**  
Chief Marketing Officer

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



**PAST 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



**PAST 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 26 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.
- Played a vital role in improving safety performance in Alba Operations.
- Contributed significantly in increasing metal production in Alba to 1,548,500 metric tonnes in 2020 by aligning the teams, driving innovative ideas and introducing a higher efficiency culture among workforce.
- In-charge of Line5- 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 Material Society (TMS).
- 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



**AMIN SULTAN**  
Chief Power Officer

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

## PAST EXPERIENCE

- Currently oversees Alba's 3,600 MW ISO Power & Utilities in his position.
- 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.



**WALEED TAMIMI**  
Chief Supply Officer

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

## PAST EXPERIENCE

- In his current position, Waleed oversees the departments of Procurement & Warehousing, Strategic Supply & Planning, Metallurgy & Customer Technical Support, 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 25 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.





**BRYAN HARRIS**  
Chief Financial Officer

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



**PAST EXPERIENCE**

- Appointed as Acting CFO on 04 December 2018, and CFO on 25 September 2019.
- 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.
- As part of his role as CFO, Bryan has overseen the Finance, Legal, IT and Operational Excellence departments, as well as serving on several subsidiary directorships and chairing a number of management committees.
- Bryan worked for 4 years for two Big 5 accounting and auditing firms, 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 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 26 years of experience.

Started his career with PWC, from which he had received a university scholarship



**ELINE HELAL**  
Corporate Governance Officer

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



**PAST 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, 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)

# Corporate Governance

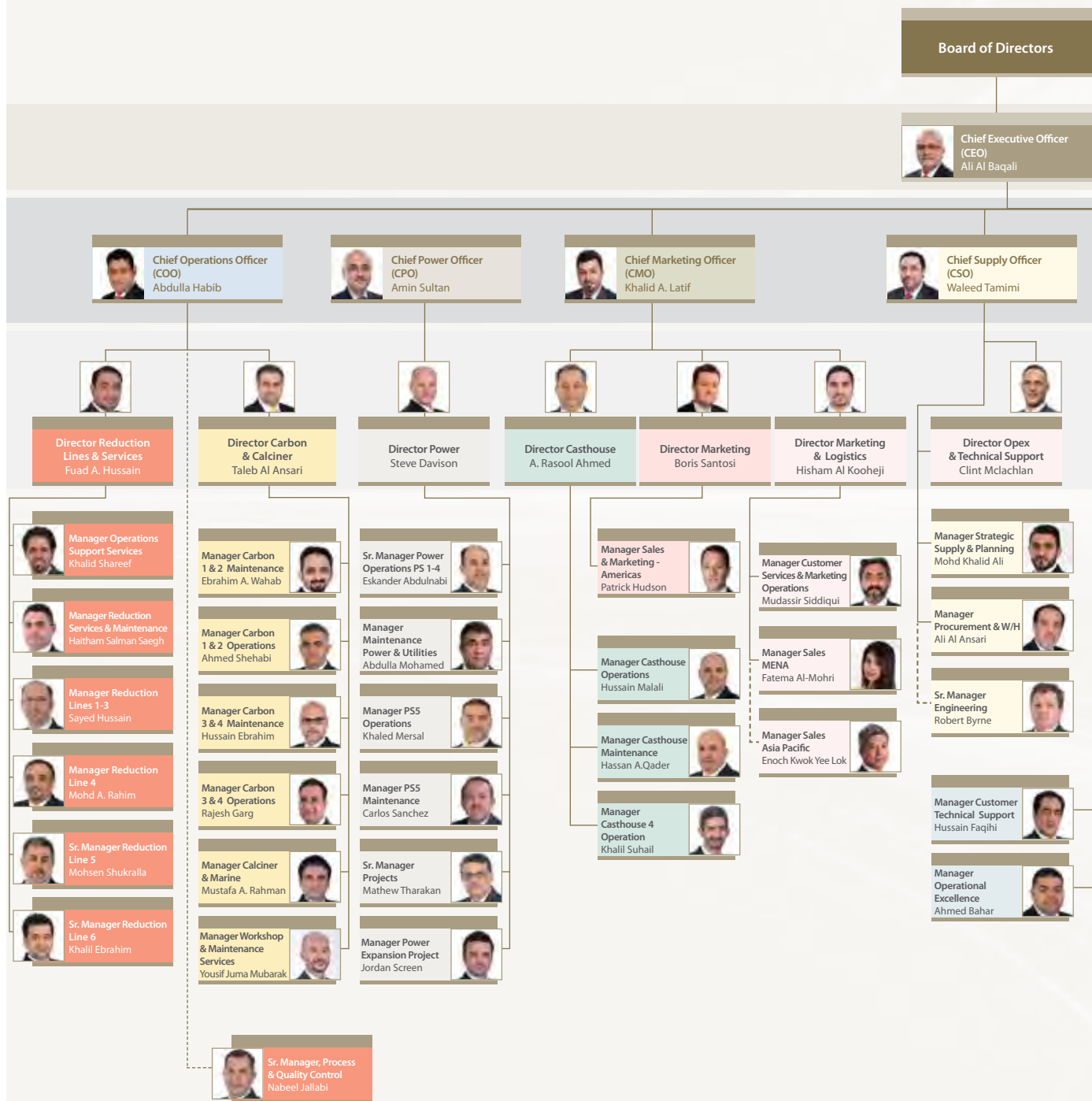
## Shareholding by Executive Management

The current shareholding of the CEO and CXOs are as follows. There were no transactions made in 2021:

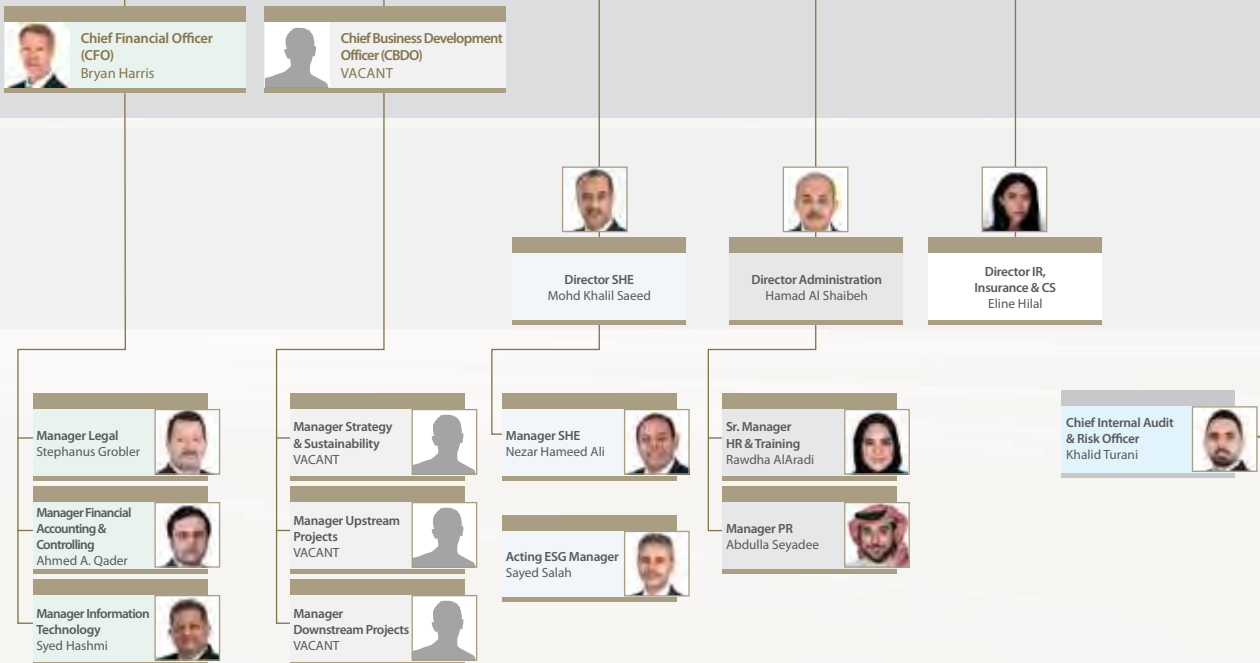
<b>Ali Al Baqali</b> , Chief Executive Officer	1,000 ordinary shares
<b>Khalid Abdul Latif</b> , Chief Marketing Officer	1,000 ordinary shares
<b>Amin Sultan</b> , Chief Power Officer	3,000 ordinary shares
<b>Abdulla Habib</b> , Chief Operations Officer	3,777 ordinary shares
<b>Waleed Tamimi</b> , Chief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



## Alba Management Structure 2021







Note: All positions in random order of appearance

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

(BD)

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 Supply Officer, Chief Operations Officer and Chief Financial Officer	1,036,248	300,373	156,196	1,492,817

### 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 2021 further to Alba shareholders' approval during the Annual General Meeting which was held on 11 March 2021 [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 2021

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	Mahesh Balasubramanian
Total Audit Fees for the Financial Statements	BD55,100 [BD35,300 for year-end audit and BD19,800 for three quarterly reviews]
Audit Related Services	BD1,500 for Related Parties AUP BD2,500 for Sabic Group Reporting
Other Special Fees and Charges for Non-Audit Services other than Financial Statements for 2020 if any. In the Absence of such Fees, this Shall be Expressly Stated	BD4,000 for Executives' Payroll AUP

All figures reported above are VAT exclusive.

### Board Audit Committee

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 2021 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, Mr. Ahmed M. Al Khamis (who is not a Board Director but a representative of the Shareholder, Sabic Industrial Investments Company (SIIC) and re-appointed in April 2020 as an expert member) and Dr. Ahmed Al Balooshi (who is not a Board Director but was re-appointed in April 2020 as an expert member).

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 2021, the Board Audit Committee met 7 times as follows:

Director / Member	9-Feb-21	29-Apr-21	27-May-21	29-Jul-21	15-Sep-21	28-Oct-21	17-Nov-21
Yousif A. Taqi							
Suha S. Karzoon							
Shaikh Isa Bin Khalid Al-Khalifa							
Iyad Al Garawi							
Dr. Ahmed Al Balooshi							
Mr. Ahmed Khamis							

Video Conference

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 2021, the Nomination, Remuneration & Corporate Governance Committee met 4 times as follows:

Director	04-Feb-21	03-Jun-21	22-Sep-21	24-Nov-21
Shaikh Daij Bin Salman Bin Daij Al Khalifa				
Rasha M. Sabkar				
Ahmed Alduriaan				

Video Conference

Physical Meeting

# Corporate Governance

## Corporate Governance Officer's Details

Ms. Eline Hilal, holder of passport no. LR1029794 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](mailto:eline.hilal@alba.com.bh)

Eline holds a Master of Business Administration from ESSEC, MSc in International Finance from University of New South Wales (UNSW) and a Bachelor of Science in Banking & Finance from Lebanese American University (LAU). She's also enrolled in Harvard Business School for the Senior Executive Leadership Program (SELP) in 2022.

## Board Executive Committee

The Board Executive 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. Tim Murray and Mr. Omar Al Amoudi – both of whom are non-independent and Mr. Mutlaq H. Al Morished who is independent. All Directors in the Board Executive Committee are non-executive Directors. As per the Charter of the Board Executive Committee (last version was approved on 27 September 2020), the Directors are required to meet at least 4 times a year and/or when necessary. In 2021, the Board Executive Committee met 4 times as follows:

Director	02-Feb-21	31-May-21	19-Sep-21	22-Dec-21
Shaikh Daij Bin Salman Bin Daij Al Khalifa				
Tim Murray				
Mutlaq H. Al Morished				
Omar Al Amoudi				



Video Conference



Physical Meeting

## Details of any Irregularities in 2021

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 (to note: 2 expert members sit at the Audit Committee). 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 2021

Alba continued to endorse educational programs such as HRH Crown Prince International Scholarship Program, the Trade Quest Program by Bahrain Bourse, Head Start Program, and Isa bin Salman Educational Trust, all of which aimed to provide Bahraini youth with hands-on developmental programs to better their skills and careers. Alba also supported various sport-based events as well as Environmental, Social and Governance (ESG) activities which were of interest to the local community.

Art and Culture played a role in Alba's CSR programme as the Company extended support for Shaikh Ebrahim bin Mohamed Cultural Centre, Beit Al Quran, Awal Theatre, Supreme Council for Woman, Dar Al Hekma Senior Citizens Centre and many other non-profit and voluntary work organizations.

## 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.	Sabic 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	0.7468%	72.3567%	0.0441%	73.1476%
Arab	0.8205%	21.2254%	0.5420%	22.5879%
Foreign	0.0924%	4.1721%	-	4.2645%
Total	1.6597%	97.7542%	0.5861%	100.000%

### Shareholders' Distribution by Size of Ownership

Shareholding (Share)	No. of Shareholders	# of Shares Held	Shareholding %
<50,000	2,932	7,762,625	0.5467%
50,000 to 500,000	74	12,940,517	0.9112%
500,000 to 5,000,000	20	32,544,352	2.2919%
>5,000,000	9	1,366,752,506	96.2502%

## Significant Events in 2021

2021 marked many firsts in Alba's Golden Jubilee of Operations: the Company has had a breakthrough record in its Production (1,561,222 metric tonnes), Safety performance (more than 20 million safe working hours without LTI in a calendar year), Alba share price soared by more than 55% Year-over-Year to reach Fils 800 by year-end while Spent Pot Lining (SPL) Treatment Plant, the first of its kind in the region, was commissioned in December 2021 -- consolidating Alba's

efforts to be an ESG accelerator and embed sustainability in its operations. Alba was also the proud recipient of many awards during the year – mainly on the Safety, People and Corporate Governance fronts.

Alba's Board of Directors have approved 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 BSC under Commercial Registration No. 999.



# Corporate Governance

## Compliance with the Provisions of the Code

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

# Principal Risks

## 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 systems of governance, internal control and risk management identify and provide responses to key risks through the establishment of standards and other controls. Any failure of these systems could lead to the occurrence, or re-occurrence, of any of the risks described below:

- The cyclical nature of the Company has historically meant that there is significant Aluminium price and demand volatility as well as a general production deficit in the market. The Company has no control over several factors that affect the price of Aluminium.
- 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 future 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 future 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\$1.5 Billion Syndicated Commercial Loan, and has been recently exposed to mark-to-market and realised losses from certain of the Company's derivative positions.
- 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.



## 2021 METAL SALES



US\$  
**4.162**  
Billion

## METAL SALES' VOLUME



**1,550,807**  
Metric Tonnes

## VALUE-ADDED PRODUCT (VAP) SALES

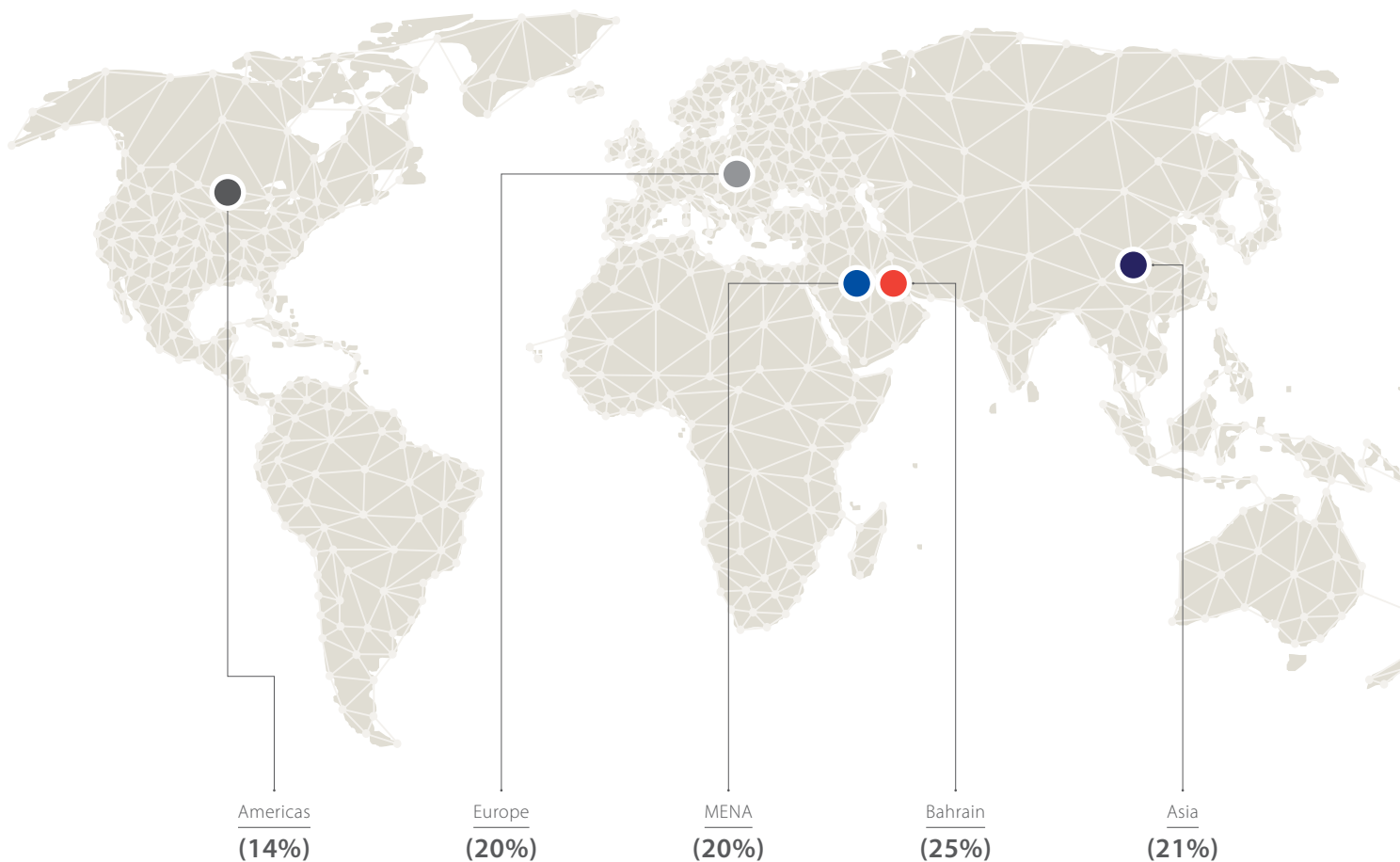


**977,582**  
Metric Tonnes

## Global Market (Demand & Supply) – In Focus

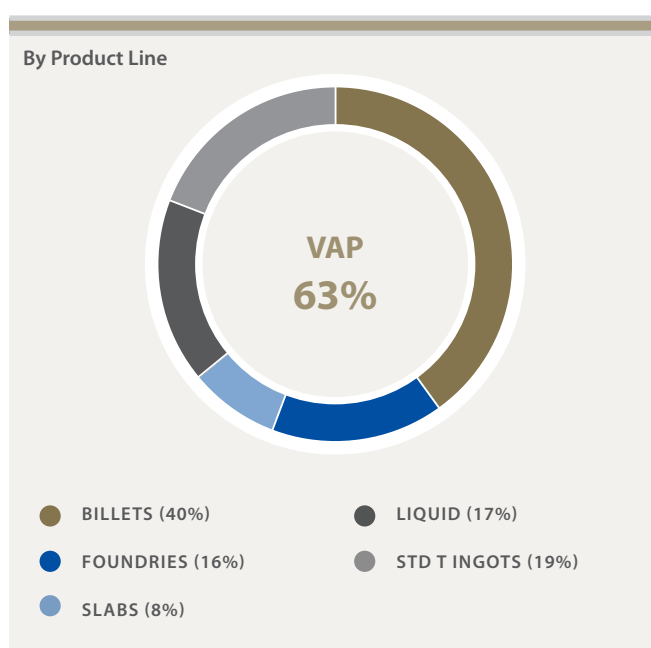
### 2021: A golden year for Aluminium being the best performing metal out of major LME base metals

- Robust rebound in global demand supported by V-shape market recovery and economic activity in key markets [+8% Year-over-Year (YoY)]. Double-digit increase in World ex-China Consumption (+12% YoY) led by Europe (+13% YoY) then North America (+13% YoY). Middle East demand rose by 10% YoY fuelled by higher consumption in UAE (+11% YoY), Bahrain (+9% YoY) & KSA (+7% YoY) while Chinese demand increased by 5% YoY thanks to a good pick-up in industrial activity
- Strong Aluminium fundamentals supported the global supply growth by 4% YoY. European smelting industry was hit the hardest due to escalating gas and power prices throughout the year (a meek growth of 1% YoY) - 7 Aluminium producers have curtailed their supply since October 2021. China was a net importer of the metal, and this has helped to reduce the surplus outside China
- World market deficit widened by 2021-end with China (-1.1 million MT) and without China (-1.2 million MT)
- LME prices break higher on supply constraints due to European power market. LME-cash averaged US\$2,475/t in 2021 - up by 45% YoY. LME price averaged in the fourth quarter of 2021 US\$2,764/t



### 2022: Aluminium market to remain bullish on firm demand and tight supply

- High energy prices in Europe and China as well as rising geopolitical tensions between Russia and Ukraine would ignite supply crunch, hit supply chain for metal and mined commodities, and lift Aluminium prices and premia to record highs
- Demand in North America will show another year of robust growth thanks to automotive and construction sectors
- China production on the road to recovery but will continue to be a net importer in 2022 with 1.95 million MT
- 2022 global market deficit to further widen to 2.3 million MT
- Secondary aluminium to replace primary aluminium within the consumption mix in the longer run. This will be driven by a major focus on decarbonization, sustainability and scrap recovery



# Clientele Profile



## ASTROSHAPES Founded in 1971

Quality and service have long been the hallmark of Astro Shapes. ASTRO's first extrusion was produced on a 1000-ton Lombard 5-in. press.



## MAXION WHEELS Founded in 1918

Maxion Wheels and its subsidiaries have been supplying OEMs with the highest quality wheels and most innovative technologies for over 100 years.



## CORTIZO Founded in 1972

Founded in 1972 Cortizo is known for being the first manufacturer and distributor of aluminium and PVC system for the architecture and industry sector in Spain, as well as one of the sector's leading companies in Europe.



## ALUDIUM Founded in 2015

Aludium was created in 2015 but the facilities that form the company have a history dating back over 60 years.



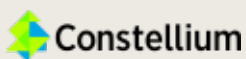
## BORBET Founded in 1962

BORBET stands for perfect quality, innovative technologies and pioneering design - valuable work that has made us a sought-after partner for the automobile industry and speciality retail.



## INTERCAIRO Founded in 2002

It began production in February 2004 as the youngest to produce aluminum sectors in Egypt and one production line company is a piston extrusion horizontal size 7-inch annual capacity of 6,500 tons.



## CONSTELLIUM Founded in 2011

The company is a global leader in the development and manufacturing of high value-added aluminium products and solutions,



## SUNGWOO Founded in 1995

Hyundai Sungwoo metal is specialising in automobile components equipped with global level technology and high quality.





**WISPECO**

Founded in 1947

It is based in Alberton, South Africa. Wispeco (Pty) Ltd. operates as a subsidiary of Wispeco Holdings Ltd.



**ALUMINIUM PRODUCTS COMPANY (ALUPCO)**

Founded in 1975

Aluminium Products Company (ALUPCO) is the largest extrusion company in the Middle East and Africa (MENA Region)



**CAPRAL**

Founded in 1936

It's based on Australia. Capral is the largest manufacturer and distributor of aluminium profiles, Capral has a national footprint of world class aluminium extrusion plants, comprising of eight operating presses.



**HANDS CORPORATION KOREA**

Founded in 1972

HANDS has been consistently growing and leading the industry in alloy wheel manufacturing in Korea.



**ALTAISEER ALUMINIUM COMPANY**

Founded in 1976

Altaiseer Aluminium Company was established in 1976 as a fabricator to manufacture doors, windows and kitchen cabinets.



**UACJ CORPORATION**

Founded in 2013

UACJ Corporation is a world leading comprehensive manufacture of aluminium and it has world top class manufacturing capacity and technology development capabilities.

## MENA



**ALUMINIUM PRODUCTS COMPANY (ALUPCO)**  
www.alupco.com

Founded in 1975, Aluminium Products Company (ALUPCO) is the largest extrusion company in the Middle East and Africa (MENA Region).

Established in 1975, Aluminium Products Company (ALUPCO) is the largest extrusion company in the Middle East and North Africa (MENA Region). ALUPCO Headquarters and its first ever extrusion plant in Dammam. There are a total of 9 presses now that are located in between Dammam and Jeddah with a total capacity exceeding 85,000 MT per year with plans to expand to over 100,000 MT per year. ALUPCO maintains very high-quality standards that are confirmed and complying with European (EN), German (DIN), British (BS), American (ASTM) and the Saudi (SASO) standards in every step of its operations. ALUPCO is well known for its variety of Aluminium extruded profiles in different shapes and surface treatment like mill finish, powder coated, anodized, wood finish and polished. Towards energy sustainability especially in the construction sector and to provide advanced solutions, ALUPCO has formed strategic partnerships with international companies like ALUK (Italian Architectural Systems Company) and ALUBOND (American Brand of Aluminium Composite Panels). ALUPCO has also developed its own Architectural Thermal Break Systems for doors, windows and curtain walls to minimize heat transfer in the buildings from outside to inside. ALUPCO operates sales offices in Saudi Arabia; Dammam, Jeddah, Riyadh, UAE (Dubai) & Egypt (Cairo) to ensure best services towards customer in ME, GCC, North Africa and Europe.



شركة الألمنيوم التيسير  
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**ALTAISEER ALUMINIUM COMPANY**  
www.altaiseer.com

Altaiseer Aluminium Company was established in 1976 as a fabricator to manufacture doors, windows and kitchen cabinets. From its humble beginning, the company has continued to diversify and expand to manufacture world-class façade & architectural aluminium works in 1983. With this progress, they were able to move to a larger space in 2nd industrial area of Riyadh. The company did not stop to innovate and strengthen its abilities to develop its strategies and techniques. As a result, they achieved their first milestone, to commence the processing of powder coating, the first ever commercial powder coating line in Saudi Arabia. The company was able to find an opportunity to import an awesome technology from Europe to provide the products in the Gulf Region. In 1992, it achieved another breakthrough by introducing the manufacturing of polyester powder and Gulf Polyester Powder Coating Company took over in this development. The company has further diversified and entered into the production of Aluminium Extrusion in 1994 where they initially started with only one Extrusion Press.

Currently, they have six (6) extrusion presses from SMS Germany, and they have the production capacity of 60,000 m tons per annum. The operations are under the quality management system ISO 9001-2008 and had been upgraded to ISO 9001-2015 just within the span of six (6) months. All their products are ensured to meet the international standard & tolerance like BSI, ASTM & EN Standards.

The strength of Al Taiseer Aluminium Company is the quality of the products supplied and the competent services offered to their customers. They always prioritize the effort in providing products that are in accordance to the requirements to meet international standards. The success of Al Taiseer Aluminium Company lies on the satisfaction of our customers. TALCO develops a special packing system to facilitate the loading and handling and unloading of containers which reduce handling damages and protect the product for ocean freight. Currently, their products are being supplied to over 40 countries including GCC countries, Arab World, East Asia, Australia, U.S.A and Europe.

## EUROPE



**CORTIZO**  
www.cortizo.com

Founded in 1972 Cortizo is known for being the first manufacturer and distributor of aluminium and PVC system for the architecture and industry sector in Spain, as well as one of the sector's leading companies in Europe.

Cortizo is known for being the first manufacturer and distributor of aluminium and PVC system for the architecture and industry sector in Spain, as well as one of the sector's leading companies in Europe. Based in La Coruña, Spain. Established in 1972. Aluminios Cortizo SA is a producer of aluminium extrusions. The company is known to be the principal manufacturer and distributor of industrial aluminium profiles in Spain. Cortizo stands out for completing the whole manufacturing cycle of aluminium: foundry, extrusion, powder coating, anodizing, chemical brightening, CNC machining, packaging, storage and distribution. Cortizo has nine Production centres with production capacity of 96,000 tonnes per annum, employees 2,510 workers and sales network over 31 countries.



**BORBET**  
www.borbet.de

Founded in 1962 BORBET stands for perfect quality, innovative technologies and pioneering design - valuable work that has made us a sought-after partner for the automobile industry and specialty retail.

It's a Family business and traditional company. Since 1962, their heritage company from Germany's Sauerland region has become a worldwide leader in the manufacture of light alloy wheels. The reason for this: BORBET stands for perfect quality, innovative technologies and pioneering design - valuable work that has made them a sought-after partner for the automobile industry and specialty retail. At the same time, they still consider us a family with unbounded passion for our craft, deep affinity to our roots that stretch back to 1881, and the lofty objective of always giving our best for their customers.

They want to excite people: their customers, partners, and employees - everyone with whom BORBET is connected. For this reason, they develop, produce and sell our high-quality light alloy wheels, which fulfil the highest standards in every regard. They unite design and safety, longevity, and functionality. Elements of an unmistakable signature: a BORBET wheel can be identified by aficionados even without a logo!

In order to ensure that this uniqueness endures, they invest in sustainable, value-orientated and international growth with a focus on quality and innovation. The highest possible degree of profitability, productivity and efficiency coupled with optimum use of resources at all levels of production are decisive factors for success in the face of stiff competition on the global market. This is also anchored in the BORBET management policy.

# Clientele Profile

## EUROPE



**CONSTELLIUM**  
[www.constellium.co](http://www.constellium.co)

Constellium's history dates back more than a century. The company is a global leader in the development and manufacturing of high value-added aluminium products and solutions focusing mainly on automotive, aerospace, packaging, defense and transportation sectors. Constellium operates more than 28 manufacturing sites in Europe, North America, and China. The capabilities include extrusions and rolled products, automotive structural components, and recycling. Constellium has approximately 12,000 employees around the world and has closed 2020 with revenues of EUR 4.9 Billion.



**ALUDIUM**  
[www.aludium.com](http://www.aludium.com)

Aludium was created in 2015 but the facilities that form the company have a history dating back over 60 years. The company has over 900 employees and is leader in the manufacturing of flat rolled aluminum products. With production sites in Spain and France, Aludium's products are exported worldwide to the architecture, energy, insulation, equipment, packaging and transportation sectors. The company has an annual production capacity of 250,000mt

## ASIA



**HANDS CORPORATION KOREA**  
[www.handscorp.co.kr](http://www.handscorp.co.kr)

"Founded in 1972, HANDS has been consistently growing and leading the industry in alloy wheel manufacturing in Korea." HANDS is the largest alloy wheel manufacturer in Korea. Since the establishment in 1972, HANDS has been consistently growing and leading the industry in alloy wheel manufacturing. Alba supplies alloyed aluminium ingots to HANDS that are used to make wheels for top car makers in Korea and rest of the world. Over the years, HANDS has won several industry and national awards. In 2015, HANDS was awarded grand prize of Korea Sejong-Daewang Sharing Volunteer Service. In the same year, it was selected as an Outstanding Enterprise of Company Renovation and of Competitive Power for Quality.

Management philosophy of HANDS is:

- Faithful to basic, think different and do different
- Enjoy happiness and richness of mind
- Pride to be members of HANDS Corporation and enjoy work

Five fingers of a hand can be used to describe five key elements of HANDS' management philosophy:

1. Trust – HANDS builds credit with its customers
2. Happiness – HANDS cares that small things make a better world
3. Center – HANDS stands on the top and at the center of the world
4. Direction – HANDS pursues to benefit customers and humanity
5. No. 1 – HANDS thinks creatively as the top of the world

## ASIA



**CAPRAL**  
www.capral.com.au

Founded in 1936 and is based in Australia. Capral is the largest manufacturer and distributor of aluminium profiles, Capral has a national footprint of world class aluminium extrusion plants, comprising of eight operating presses.

Capral has a comprehensive product range, innovative R&D capability, and well positioned to take advantage of changing building regulations in Australia.

Further, Capral's strength is its people. It is through that the success of their people, is the main driver of its grow. Capral has a range of initiatives in place to ensure its people are working in rewarding roles with real opportunities for growth and development.

It's strong values-based culture is a key part of looking after their people's. Capral's five core values of Safety First, Customer Success, Play Fair, Better Every Day and Own it form the basis of all aspects of our operations.



**SUNGWOO**  
www.hdswholdings.co.kr

Founded in 1995, Hyundai Sungwoo metal is specializing in automobile components equipped with global level technology and high quality.

Hyundai Sungwoo Metal is seeking the path for pioneering of the future visions that can be continued onto the next generations by firmly establishing substantiality while other companies are focusing on external growth. They put utmost priority on sustainable values by considering the environment and the society simultaneously, while at the same time, pursuing enhancement of capabilities for advancement of new technologies without being content with the accomplishments they have achieved.

In addition, they are striving to become a powerful company that creates new values by learning new things and taking up the challenging of themselves with the attitude of learning from the past without being content with the fulfilment of the simple and realistic needs and uses under a diversified environments. Alba supplies alloyed aluminium ingots to Hyundai Sungwoo metal that are used to make automobile components for top car makers in Korea and rest of the world.



## ASIA



**UACJ CORPORATION**  
[www.uacj.co.jp/english](http://www.uacj.co.jp/english)

UACJ Corporation Founded in 2013. UACJ Corporation is a world leading comprehensive manufacture of aluminium and it has world top class manufacturing capacity and technology development capabilities.

UACJ was established in October 2013 when Furukawa-Sky Aluminium and Sumitomo Light Metal Industries merged their business operations. Both companies featured a distinguished history as aluminium producers in Japan.

Together, their annual capacity for flat rolled products exceeded 1 million tons, establishing UACJ as a top-class manufacturer, not only in Japan but throughout the world.

The scale of UACJ's new operation ensures we stay cost-competitive and are fully able to lead the world market as a major global aluminium group originating from Japan.

## AFRICA



**INTERCAIRO**  
[www.intercairo.com](http://www.intercairo.com)

The company was founded in 2002, began production in February 2004 as the youngest to produce aluminum sectors in Egypt and one production line company is a piston extrusion horizontal size 7-inch annual capacity of 6,500 tons. The development of production in the company by adding new lines until production capacity reached in August 2008 to 18,000 tonnes per year and has become the largest company to produce aluminum sectors since then until now. The establishment of a new factory and began production in January 2011 and the arrival of the production capacity to 38,000 tonnes per year and work is underway to reach production 42000 tonnes per year



**WISPECO**  
[www.wispeco.co.za](http://www.wispeco.co.za)

The company was incorporated in 1947 and is based in Alberton, South Africa. Wispeco (Pty) Ltd. operates as a subsidiary of Wispeco Holdings Ltd.

Wispeco Aluminium is the largest aluminium extruder and supplier in Africa. The company encompasses factories and distribution centres nationally. The company was incorporated in 1947 and is based in Alberton, South Africa. Wispeco (Pty) Ltd. operates as a subsidiary of Wispeco Holdings Ltd.

Alba supplies alloyed aluminium Billet to Wispeco that are used to make various applications in transportation industry (truck, bus and train bodies), Due to its light weight and strength it has several advantages for use in the transport industry.

Wispeco extruded the window and door extrusions for the Gautrain train coach units. Extrudes specialized engineering profiles which include cooling fins, electrical bus bar, ladders, scaffolding, irrigation equipment, sport and camping equipment, tile edges and carpet trims, safety security doors, curtain tracks, signage sections, conveyor system sections. An extensive range of standard engineering profiles such as round tubes, round bars, flat bars, angles, and t-sections are available. It strives to offer quality products, excellent service, technical support and to be responsive to any customer queries.

## AMERICA



**MAXION WHEELS**  
[www.maxionwheels.com](http://www.maxionwheels.com)

Maxion Wheels and its subsidiaries have been supplying OEMs with the highest quality wheels and most innovative technologies for over 100 years. During that time, they acquired some of the most recognizable names in the industry, including Kelsey Hayes, Lemmerz and Fumagalli. Today, they put their combined expertise to work for nearly every OEM and vehicle market in the world.

They are also backed by the strength and security of their parent company, lochpe-Maxion, which ensures that their customers can count on them for the long-term growth, infrastructure and stability they need.

With an international network of strategically located engineering, technology and production facilities, Maxion is one of the only wheel manufacturers who can deliver on a truly global platform. This allows them to not only reduce logistical costs — it also allows them to eliminate duplicate processes, and to streamline the complexities that come from managing variation in a single vehicle platform. As they are able to implement the same design, technology and controls across multiple production lines, and to ensure a consistent and quality product whenever and wherever its need.



**ASTROSHAPES**  
[www.astroshapes.com](http://www.astroshapes.com)

Founded in Struthers, Ohio in 1971, quality and service have long been the hallmark of Astro Shapes. ASTRO's first extrusion was produced on a 1000-ton Lombard 5-in. press. In the years since, Astro Shapes has grown into a 42,000-square-meter powerhouse with six presses at two locations that produces 70,000 mt of extrusions annually.

ASTRO's mission is to manufacture custom-finished aluminium extrusions for markets that demand excellence in quality and service. ASTRO has been recognized as an industry leader – through employee empowerment and continuous process improvement. The organization is committed from top to bottom to quality, service, innovation, flexibility, and teamwork.

Astro Shapes has been a loyal ALBA Customer since 2011, and ALBA has grown to become one of ASTRO's most important billet suppliers. ASTRO was one of ALBA's first billet customers in North America.

# 1971

## 1990s

### The Power of Unity

In 1990s, Alba celebrated its 20th Anniversary of Operations and set an example on the power of unity and the love towards Bahrain's leadership for going above and beyond to support Alba's growth journey which led to many achievements on a plethora of arenas, at the top of which was the inauguration of Reduction Line 4 and Power Station 3.



## 1980s

### The Era of Growth

In 1980s, Alba started to grow further as its third reduction line was inaugurated in 1981 followed by key upgrades to safeguard the environment and boost production. Moreover, Alba's commitment towards its workforce's wellbeing gained further impetus in this era, as the Company distributed the first batch of Albaskan Scheme's housing units to eligible employees.



### The Early Days of Alba

## 1960 - 1970

Alba began its operations as a 120K mtpa capacity smelter on 11 May 1971. Alba's inception marked the beginning of Bahrain's strategy to diversify its economic base and reduce its dependence on oil. Alba's early success established the blueprint for other non-oil industries to follow including a thriving downstream aluminium cluster.



## 2010s and Beyond Taking Alba's Name Across the Globe

In 2010s-2020 era, Alba became a public listed company and emerged as the world's largest aluminium smelter ex-China with the inauguration of Line 6 Expansion Project by HM King Hamad bin Isa Al Khalifa, the King of the Kingdom of Bahrain. Moreover, this era witnessed Alba hosting ARABAL Conference twice as well as achieving historical breakthrough records in its Safety and Production.



## 2000s The Caring Company

In 2000s, Alba was the recipient of regional and international high-profile awards in recognition of its efforts and commitment towards Safety, Environment and People as well as took significant strides in production, environment and quality assurance by inaugurating the world's longest line at that time - Reduction Line 5 and HRH Princess Sabeeka Oasis and Calciner Plant.







Safety of our people sits at the top of Alba's priorities. This belief has helped us build a strong Safety culture, which in turn has led us to attain numerous milestones successfully year-over-year.

Alba lays strong emphasis on the Ownership of Safety, be it from employees or a contractors' personnel. The Executive Management has always demonstrated their direct involvement and leadership to fulfil Alba's Safety principles:

1. Ownership of Safety & Environment is Everyone's responsibility.
2. Working Safely as ONE TEAM is a condition of employment.
3. All work-related injuries and illnesses are Preventable.

### **Safety doesn't come by luck, it is the product of our preparation**

The CEO Ali Al Baqali in the Annual Majlis of 2021 announced Safety Excellence as one of the Objectives for 2021, and Alba has been on track with this objective by prioritizing 'Safety First, Safety Always' all-year-round. The biggest achievement for Alba was closing 2021 with 0 Lost Time Injury and crossing 20 million Safe-Working hours without Lost Time Injury (LTI) (December 2021)

“  
Leading the Way during COVID-19  
Pandemic - We have been right here with  
every one of our employees fighting this  
global challenge with flexibility, resilience,  
courage and care ”

Our people are at the heart of our operations. There is no limit when it comes to the Safety and well-being of our employees and contractors' workers.

COVID-19 vaccination was the foremost priority for Alba, with the Management taking the lead and getting vaccinated, thus setting an example for all. Intense vaccination drives were conducted throughout the year by our frontliners - the medical staff of Alba's Health Care Centre; regular lectures and awareness sessions in collaboration with leading experts and hospitals were held on the Effects of the Pandemic, How to Stay Safe, Importance of Vaccinations, and Vaccinations available for free in the Kingdom of Bahrain for all nationalities. In addition, Alba's Executive Management led by the CEO held virtual and in-person sessions with employees and contractors' workforce highlighting the importance of receiving COVID-19 vaccine as the first line of defence as well as supporting it with the booster dose to strengthen



their immunity to COVID-19 virus. In addition to the existing procedures to prevent the spread of COVID-19, new control measures were also implemented: validating vaccination certificates for employees and contractors' workers before entering Alba and conducting rapid tests at regular intervals at Alba's Health Care Centre for both vaccinated and non-vaccinated people. In addition, remote work from home continued for soft departments (men and women).

Alba continues to share the protocols and guidelines that are issued by Bahrain's National Medical Taskforce to Combat COVID-19 through its internal platforms (newsletter, WhatsApp and digital screens) as well as social media channels. These concerted efforts have yielded successful results with Alba reaching more than 99.7% vaccination rate, which in turn has ensured that the smelter's operations remain on track. Alba received the ISO 22301:2012 certification for Business Continuity Management System (BCMS), which is an international recognition for its ability to continue its business operations despite disruptions as well as adherence to best practices in the implementation of its BCMS.

### Campaigns

Safety, Health and Environment (SHE) Campaigns have a significant role to play in emphasising Alba's objectives of maintaining a zero-accident work environment within the Company.

The first campaign of 2021 'Make the Right Choice' SHE campaign was held in April; it featured teams from different departments highlighting Safety, Health and Environment matters and successes in Alba. A total of 27 teams submitted their initiatives, which were then shortlisted by a judging panel who chose a winner for each of the SHE categories. The week-long Campaign also featured special lectures by external speakers from the Supreme Council of Environment, General Directorate of Traffic, and International Organisation for Child Protection.

Alba also held two Environment, Social and Governance (ESG) Campaigns in 2021 that were aligned with Bahrain's Economic Vision 2030 to demonstrate its success as a smelter in achieving the balance between the Company needs while protecting the environment.

The first ESG campaign 'Achieving the Balance' was held in June and featured virtual lectures by Alba Managers on topics such as Reduction of Green House Gases, Creating a Sustainable Social Impact, and Responsible Sourcing, as well as a live debate session on Climate Change. The second campaign, held in October, 'Shaping Our Future' was a

progression of the first campaign and featured more than 20 informative sessions on numerous ESG topics, including Carbon Footprint, Cyber Security, Industry 4.0, Safety as a Social Responsibility, and Water Management by employees from across the plant. As part of this Campaign, Alba also extended its green initiatives beyond its premises to plant more trees on the main roads around the smelter, thus joining the National Initiative for Agricultural Development (NIAD) "Forever Green" Campaign being held under the patronage of HRH Princess Sabeeka bint Ibrahim Al-Khalifa, Wife of His Majesty the King and President of NIAD Consultative Council.

### Other Highlights of 2021

With the easing of the COVID-19 restrictions, Alba's CEO brought back one of the most important activities in Alba's Safety journey: the weekly 'Safety Hour'. Resuming the weekly Safety Hour in-person was a step towards personally meeting the employees and contractors' workers, which in turn would help to increase awareness and share Safety best practices. The Safety Hour highlights a different topic each week during the shop-floor walkabouts by the Executives and Management team.

To improve and minimize Alba's Greenhouse Gas (GHG) process emissions, Alba started the online emission monitoring systems that covers the roof as well as treatment centers' stack emissions related to Reduction Line 4 and 5. This covers the emission of fluoride as well as particulates from the stacks. This system allows the operations team to immediately identify any exceedance then take immediate and corrective measures.

Alba also upgraded its ambient air quality monitoring capabilities to have wider area coverage and detect a greater number of types of pollutants. In addition to the 4 air samplers located in and outside the smelter, and the available 3 ambient air quality monitoring (AAQM) stations to measure PM10, Alba has acquired 5 additional AAQM stations, which are distributed in the vicinity of the Spent Pot Lining (SPL) Treatment Plant as well as the Calciner & Marine Plant. Alba has also commissioned two standard continuous ambient air monitoring stations covering a wide variety of air pollutants such as fluoride, nitrogen oxides, sulfur dioxide, etc.

With the goal of achieving zero heat exhaustion cases during summer, Heat Stress Awareness Programme was conducted for Alba employees and contracting companies' workers across the plant. The Hydration Test is another part of Alba's Safety programmes, which is key to preventing and treating dehydration during the summer months.

# Safety, Health & Environment

A unique initiative by the SHE Department was to digitalize the SHE recording system like SHE dashboard and Initial Report system. The SHE Dashboard integrates various SHE reports and provides all data and information on various SHE statistics in one go while the SHE Dashboard is a live system that is updated every hour and utilizes MS Power BI, an interactive data visualization and analytics' tools for business intelligence.

Alba's Spent Pot Lining (SPL) Treatment Plant was commissioned in December and is in full operational swing to produce HiCal, which can be used in the construction and cement industries. Built over 26,000 square meters with an annual capacity of treating 35,000 tonnes of SPL, the Plant was completed as per its timeline despite COVID-19 challenges with achieving more than 750,000 safe-working hours w/o LTI.

Alba entered into an MoU with the Sustainable Energy Authority, Kingdom Bahrain in September to exchange knowledge and information in the areas of energy efficiency, renewable energy, decarbonisation and green initiative solutions.

Different Safety trainings continued to be held in-person and virtually through excellent collaboration with Alba's various departments. The SHE team also enhanced its cooperation with

government organisations to hold important trainings such as a mock drill with the Ministry of Interior (MOI) at the Company's Port Facility in Sitra in line with the International Ship & Port Security's (ISPS) Code, local authorities' requirements as well as Alba's Code of Practice, and Familiarisation Visit for Civil Defence Teams to learn more about with critical locations and main access points within Alba's vicinity.

## Recognitions

Alba was the recipient of local and international Awards for its Safety achievements in 2021, namely 2021 British Safety Council International Safety Award; 2021 NSC Occupational Excellence Achievement Award; 2021 NSC Safety Leadership Award; 2021 NSC Millstone Award; RoSPA 2021 Health and Safety Achievement Award (Gold Medal). These Awards are a reflection of Safety Excellence being entrenched in our culture and Values.

Going into 2022, Safety remains one of Alba's most important Objectives. We believe that it is our responsibility to ensure that our people have a Safe and Healthy work environment. Our forever motto will be that Safety must be practiced, every day individually and collectively for us to stay productive and successful.



THEN



NOW

# Training & Development



“  
Our people are the leading indicators of  
where Alba will be in the future”

Our workforce is the pillar behind our Vision to be the number one Aluminium supplier for the generations to come. Alba boasts of one of the largest national workforces in the Kingdom of Bahrain with 3,135 employees across its operations (2021) of which 84% are Bahraini nationals.

We believe that employee training and development is not just a major contributor to profitability but is also critical for the success of an organisation in a competitive market. Since its establishment in 1971, Alba has educated and trained its workforce whilst also giving them meaningful growth opportunities. The Company has invested in developing its employees through academic and technical programmes to include a wide range of competencies from Safety, Health, Environment, Management and Professional Education. This approach has yielded Alba success through the years making us the world's largest aluminium smelter ex-China.

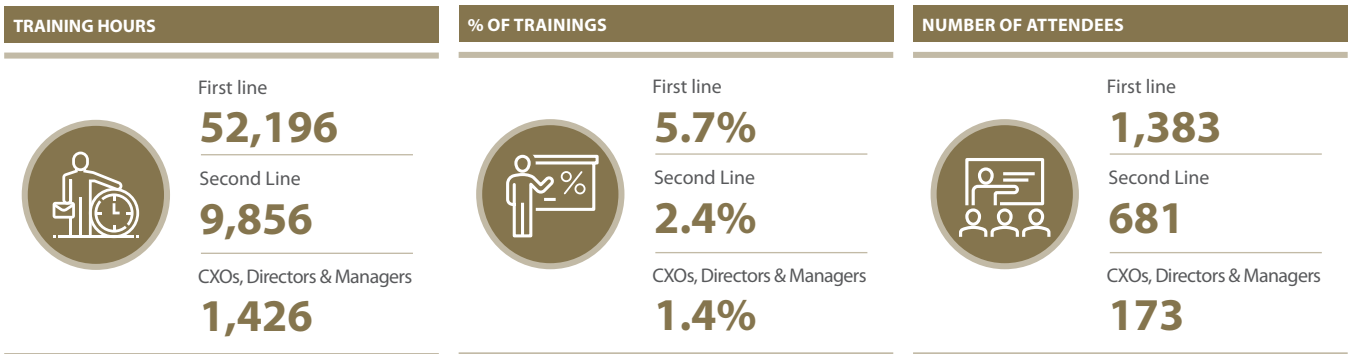
## 2021 in Focus

While the COVID-19 Pandemic continued to present challenges in 2021, commendable efforts were made by the Company to ensure that its training and development objectives remained on track through virtual platforms and e-learning solutions. In-person trainings were also carried out based on the protocols and latest health developments by the Kingdom of Bahrain.

Announced in late 2020, the Al Jisr Programme is one of Alba's most successful initiatives towards empowering its national employees and boosting Bahrainisation. In this Programme, high potential, non-supervisory candidates are provided with technical and soft skills through a 4-year period, at the end of which they are ready for supervisory positions within different areas of the Company. The first batch of Al Jisr was rolled out in February 2021 where 72 employees were selected through a rigorous screening process by an external agency. This batch has been progressing steadily through classroom and on-job trainings as well as progress reviews of candidates by a high-level panel comprising Alba's CXOs, Directors and Managers.

Another noteworthy programme, the Master Training Plan (introduced in 2019), continues to see employees at all





levels benefitting from various courses in accordance with their customised training plan. Both management and non-management employees have benefitted from 260 courses delivered by Alba's Training Faculty, specialists from departments as well as external consultants under this Plan.

Other successful programmes namely Skill Matrix (non-supervisory) and TDP Programs (Management) also remained on track with 350 employees and 89 employees respectively being provided wholesome development in educational, functional as well as management and leadership areas.

These intensive training and development programmes demonstrate Alba's commitment to bring its employees knowledge and skills level on par with international standards whilst boosting Bahrainisation across all levels within the Company through promotions in line with Bahrain's Economic Vision 2030. We are proud to have a record-breaking 600-

plus employee promotions in 2021 that were based on Alba's Al Jisr Programme, Master Training Plan, Skills Matrix and Training & Development Programme.

It also noteworthy that in 2021, Alba achieved more than 581,000 training hours and a Company-wide 6.53% of total work hours being allocated to employee capacity building activities – one of the highest in the industrial sector in Bahrain. Of these, 1,263 were technical trainings, 21 soft-skill trainings, 272 safety trainings and 247 functional trainings.

Identifying, planning and implementing a training plan for Alba contractors' personnel was another key focus area during 2021. Many departments also replaced overseas courses with well-designed, virtual training by vendors and consultants, and held a greater number of in-house trainings, thus contributing to Alba's Al Hassalah Programme.





# Training & Development

Alba believes that education is a continuous journey and a crucial aspect of employee development. The Company continues to offer the best educational courses and programmes for its employees and has partnered with renowned institutes such as University of Technology Bahrain, Bahrain Polytechnic, Applied Science University, Bahrain Training Institute, Nasser Vocational Training Center, Bahrain Institute of Banking and Finance – De Paul University, and the Arabian Gulf University - FABs, ESSEC/AGU. A total of 82 students were enrolled in Diploma, BSc and MBA Programs in 2021 through these different educational institutes. The HR & Training Department also introduced a new Training Portal, in line with Alba's Industry 4.0 Objectives, to automate the registration process for Alba courses.

Extending our knowledge and expertise go beyond Alba's vicinity to the community with Alba employees actively participated in various external events and roundtable discussions – Webinar by Alba Health Care Centre team on Boosting Health and Productivity During Ramadan; presentation on Safety at the Health, Safety, Security & Environment (HSSE) Summit by the Senior Head of Safety Compliance, and Awareness lecture on 'Man-lift Safe Working Operation' at Bahrain's Ministry of Labour and Social Development, as well as numerous programs with INJAZ Bahrain and Ahlia University's virtual Youth Connect Programme.

Alba has consistently received praise for its employee development and training programmes. In 2021 too, the Company was honoured with awards and recognitions for its efforts – Alba's Chief Executive Officer was awarded the People First Leader Award' by GCC GOV HR AWARDS 2021 for his creative initiatives and especially towards the development of Alba's national workforce through the Al Jisr Programme; and Alba's Al Jisr Programme was announced as a bronze medal winner in Best Unique or Innovative Learning and Development Programme category of 2021 Brandon Hall Group Excellence in Learning Awards (Alba was the only Company in Bahrain to be featured amongst the winners of the awards).



The Path Ahead – We become what we repeatedly do. People Excellence is not an act but a habit

We take pride in how far we have come in our journey of people excellence. As a responsible corporate citizen, we have spared no efforts in developing our employees and preparing them to lead our future.

Aligned with Alba's Objectives for 2022, the HR & Training Department has set goals to ensure the overall growth and success of the employees, which include: increasing the number of courses in Master Training Plan, increasing the number of employees studying for Diploma and MBA programmes, reducing paper consumption by 10%, implementing advanced training methods, adopting a Hybrid Training model wherever possible to maximizing advantages of virtual sessions and physical workshops as well as aiming for higher training volume.

We believe that as Alba grows, our people should also succeed. By investing in the future of our workforce, we will meet the goals of Bahrain's Economic Vision 2030 and go above and beyond to achieve our vision.



# Corporate Social Responsibility



“Creating social value is not only about perception; it is about what we do every day by integrating it into our corporate identity and transforming our words into actions”

## Balancing the scales

Alba operates on the principle that to be successful and inclusive, an organisation must be socially responsible. This belief is entrenched with our core purpose: how we operate all the while grow sustainably. We believe that by supporting society in terms of education, health, environment, and others etc., we will enable our stakeholders and communities to rise; thereby, creating sustainable value for the Kingdom of Bahrain.

Despite COVID-19 challenges, the Company performed well, delivered on its CSR objectives, and has gone beyond making investments in the community. Alba focussed on supporting the local community by using the most appropriate platforms in three distinctive and strategic directions: direct financial support, commitment to training and education as well as supporting the green initiatives of the Kingdom. Alba's commitment towards CSR was underlined by the participation of the Chairman of Alba's Board of Directors,

Shaikh Daij Bin Salman Bin Daij Al Khalifa, as a keynote speaker in a virtual webinar on CSR that highlighted the importance of being socially responsible while at the same time-sharing Alba's ESG-led initiatives – this speaks volume that CSR sits at the very top of Alba Management's priorities.

One of our major CSR objectives is to develop the Bahraini nationals, which is part of our commitment to Bahrain's Economic Vision 2030. Despite the unforeseen challenges of COVID-19 over the last 2 years, Alba stayed on course with its responsibility to develop nationals, especially through INJAZ Bahrain, one of the most innovative Non-Profit Organizations aimed at educating and empowering Bahraini nationals with skills for their future. Alba employees contributed a massive 482 Volunteering Hours, the highest amongst Bahrain's companies towards INJAZ Bahrain's training programmes in 2021. More than 55 employees -- comprising Alba management, supervisory and non-supervisory personnel -- volunteered in 20-plus INJAZ programmes for schools and universities' students in 2020-21. And for taking a key part in training Bahraini youth, Alba was awarded the Volunteer Service Award for 2020-21 by INJAZ Bahrain.

Alba also held virtual tours for high school students to give them insights into the aluminium industry as well as Alba's operations, HR & Training, SHE and ESG initiatives. Alba

continued to support innovative, educational developmental programmes such as HRH Crown Prince International Scholarship Program, the Trade Quest Program, Injaz Bahrain's Head Start Program and Isa bin Salman Educational Trust, all of which aimed at providing the talented Bahraini youth with excellent developmental opportunities.

Much of Alba's CSR activities focused on increasing awareness -- various in-house sessions throughout the year were held in respect to public health, pedestrian safety, protection against COVID-19 Pandemic, and life choices that can impact the environment by using virtual communication platforms. In addition, Alba Health Care Centre collaborated with various public and private health providers to counsel on how to stay safe and healthy to employees and contractors' personnel. Moreover, the Company bequeathed vital medical equipment to the Cardiac Centre at the Bahrain Defence Force (BDF) Hospital with the aim to boost long term care of chronic illness.

Alba was one of the first companies in Bahrain to action support for the Kingdom's green initiatives and Climate Change goals as well as commit to double the number of trees in the Kingdom by 2035. Alba held a unique 'A Tree for Every Employee' campaign, where employees and contractors' personnel were gifted various species of local plants that can be planted around the workplace or home gardens. This initiative comes as part of Alba's contribution to Bahrain's National Initiative for Agricultural Development (NIAD) and the 'Forever Green' under the patronage of HRH Princess Sabeeka bint Ibrahim Al-Khalifa.

In terms of supporting local and international sporting events, Alba continued its sponsorship of various flagship events such

as Bahrain Turf Series, the Rashid Equestrian & Horseracing Club activities, HM the King's Football Cup, HH Shaikh Nasser bin Hamad Premier League, Bahrain Victorious Cycling Team, Bahrain 1 Racing team, HM King Hamad Annual Golf Tournament, the Bahrain Tennis Federation as well as Bahrain F1 Grand Prix at Bahrain International Circuit, one of the most important motorsport events in the World.

Supporting Art and Culture gained momentum as the Company extended its support towards Shaikh Ebrahim bin Mohammed Cultural Centre, Beit Al Quran, Awal Theatre, Dar Al Hekma Senior Citizens Centre and many similar non-profit and voluntary work organisations with special focus on promoting Alba's name as one of the main pillars of Bahrain's economy in all celebratory events to mark Bahrain's 50th National Day.

Moreover, by donating the produce of its 1-hectare Vegetable Garden at HRH Princess Sabeeka Oasis situated inside the smelter and its Marine Sanctuary (Fish Farm) near its Calciner and Marine Plant in Sitra, Alba continued to support the local community.

To know more about all Alba's ESG-led initiatives throughout 2021 and its contribution to the society at large, up-and-close specifics will be disclosed in its sixth edition of the Sustainability Report which will be made available within the 2nd half of 2022 [to note: the Sustainability Report will be prepared in accordance with Global Reporting Initiative Standards: Core Option].

“ We have many stories to tell, and it is our aim to inspire others to do more on the ESG front ”





# Financial Statements

31 December 2021



# Independent Auditors' Report to the Shareholders of

Aluminium Bahrain B.S.C. (Alba)



## Opinion

We have audited the 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 2021, 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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## 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
<p>As at 31 December 2021, the Group held property, plant and equipment (PPE) of BD 1,907,682 thousand in the consolidated statement of financial position.</p> <p>This area was important to our audit due to the size of the carrying value of the PPE (72% of the total assets as at 31 December 2021) as well as the judgement involved in the assessment of the recoverability of the carrying value of the assets.</p>	<p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"><li>— 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;</li></ul>

# Independent Auditors' Report to the Shareholders of

Aluminium Bahrain B.S.C. (Alba)

The key audit matter	How the matter was addressed in our audit
<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"> <li>— We involved our own valuation specialist to assist us in:               <ul style="list-style-type: none"> <li>o evaluating the appropriateness of the methodology used by the Group to assess impairment of PPE; and</li> <li>o 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;</li> </ul> </li> <li>— Agreeing the relevant financial and quantitative data used in the model to the latest production plans and approved budgets; and</li> </ul> <p>Assessed whether the consolidated financial statements disclosures relating key inputs and assumptions for impairment where appropriate.</p>

## 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 this 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, 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.

# Independent Auditors' Report to the Shareholders of

Aluminium Bahrain B.S.C. (Alba)

## 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.

# Independent Auditors' Report to the Shareholders of

Aluminium Bahrain B.S.C. (Alba)

## 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, Commerce and Tourism 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 Mahesh Balasubramanian.



KPMG Fakhro

Partner registration number 137

10 February 2022

# Report of the Board of Directors

Aluminium Bahrain B.S.C. (Alba)

The Directors have the pleasure to submit their report together with the Audited Consolidated Financial Statements for the year-ended 31 December 2021.

## 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, Commerce and Tourism 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 Depository 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 S.P.C., 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 BSC (Public) under Commercial Registration No. 999. The Company is in the process of filing the necessary documentation with the Ministry of Industry, Commerce and Tourism.

## 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.

## 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.



# Report of the Board of Directors

Aluminium Bahrain B.S.C. (Alba)

## Share Capital Structure

Shareholders	2021%	2020 %
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

(BD)

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 Supply Officer, Chief Operations Officer and Chief Financial Officer	1,036,248	300,373	156,196	1,492,817

## Results and Retained Earnings

The Company made a Profit of BD451.87 Million for the financial year of 2021 versus a Profit of BD9.755 Million for the financial year of 2020.

The Movements in Retained Earnings of the Company were:

	BD'000
Balance as at 31 December 2020	877,193
Profit for the year 2021	451,870
Loss on resale of treasury shares	1,120
Interim Dividend for 2021 approved and paid	(37,614)
Balance as at 31 December 2021	1,292,569

# Report of the Board of Directors

Aluminium Bahrain B.S.C. (Alba)

## Appropriations

- On Thursday 04 November 2021, the Board of Directors of Aluminium Bahrain B.S.C. (Alba) recommended an interim dividend of Fils 26.57 per share (excluding treasury shares) totalling BD37,614,936 which was subsequently paid from 23 November 2021.
- At the Board meeting held on Thursday 10 February 2022, the Company's Board of Directors proposed to pay final dividend of Fils 53.14 per share (excluding Treasury Shares) totalling BD75,197,888.

The above appropriations are subject to the approvals of the Company's shareholders at the Annual General Meeting which will be held in March 2022.

## 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 2021 is as follows:

- Attendance Fees of BD117,000 were paid over the course of 2021 [2020:BD140,000].
- Sitting Fees of BD84,000 will be paid after the Board's meeting on 10 February 2022 [2020: BD84,000].
- The proposed Remuneration Fees of BD420,000 will be paid post the Annual General Meeting scheduled in March 2022 [2020: BD210,000].

# Report of the Board of Directors

Aluminium Bahrain B.S.C. (Alba)

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

BD'000

Names	Fixed Remunerations						Variable Remunerations					End of Service Award	Aggregate Amount	Expense Allowances
	Remuneration	Sitting Fees	Attendance Fees	Salaries	Others	TOTAL	Remuneration	Bonus	Incentive Plans	Others	TOTAL			
<i>Independent Directors</i>														
Shaikh Daij Bin Salman Bin Daij Al Khalifa	60	16	13	-	-	89	-	-	-	-	-	-	89	0.75
Yousif A. Taqi	40	8	12	-	-	60	-	-	-	-	-	-	60	0.75
Shaikh Isa Bin Khalid Al-Khalifa	40	6	12	-	-	58	-	-	-	-	-	-	58	0.75
Mutlaq Al Morished	40	6	9	-	-	55	-	-	-	-	-	-	55	1.65
<i>Non-Executive Directors</i>														
Suha Karzoon	40	6	12	-	-	58	-	-	-	-	-	-	58	0.75
Tim Murray	40	6	9	-	-	55	-	-	-	-	-	-	55	1.95
Rasha Sabkar	40	6	9	-	-	55	-	-	-	-	-	-	55	0.75
Omar Al Amoudi	40	6	9	-	-	55	-	-	-	-	-	-	55	2.55
Iyad Al Garawi	40	6	9	-	-	55	-	-	-	-	-	-	55	2.55
Ahmed Alduriaan	40	6	9	-	-	55	-	-	-	-	-	-	55	1.65
<i>Expert Members of the Board Audit Committee</i>														
Ahmed Al Balooshi	-	6	7	-	-	13	-	-	-	-	-	-	13	-
Ahmad Khamis	-	6	7	-	-	13	-	-	-	-	-	-	13	-
<b>Total</b>	<b>420</b>	<b>84</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>621</b>	<b>14.1</b>

By order of the Board,

Daij Bin Salman Bin Daij Al Khalifa  
Chairman

Yousif Taqi  
Director

10 February 2022

# Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 BD'000	2020 BD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,907,682	1,950,584
Derivative financial instruments	20	2,238	5
Deferred tax assets	18	99	64
		<b>1,910,019</b>	<b>1,950,653</b>
<b>Current assets</b>			
Inventories	6	302,835	239,505
Trade and other receivables	7	318,438	119,105
Bank balances and cash	8	93,311	44,438
		<b>714,584</b>	<b>403,048</b>
<b>TOTAL ASSETS</b>		<b>2,624,603</b>	<b>2,353,701</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	142,000	142,000
Treasury shares	10	(3,742)	(2,589)
Statutory reserve	12	71,000	71,000
Capital reserve	13	249	249
Cash flow hedge reserve	20	944	(8,300)
Retained earnings		1,292,569	877,193
<b>TOTAL EQUITY</b>		<b>1,503,020</b>	<b>1,079,553</b>
<b>Non-current liabilities</b>			
Loans and borrowings	15	703,559	800,745
Lease liabilities	21	4,864	5,561
Employees' end of service benefits	17	1,704	1,619
Derivative financial instruments	20	-	5,680
		<b>710,127</b>	<b>813,605</b>
<b>Current liabilities</b>			
Loans and borrowings	15	223,591	223,389
Lease liabilities	21	686	993
Trade and other payables	19	185,806	233,541
Derivative financial instruments	20	1,373	2,620
		<b>411,456</b>	<b>460,543</b>
<b>Total liabilities</b>		<b>1,121,583</b>	<b>1,274,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,624,603</b>	<b>2,353,701</b>



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.

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Note	2021 BD'000	2020 BD'000
Revenue	26(a)	1,584,838	1,061,423
Cost of sales	23	(1,007,802)	(920,411)
<b>GROSS PROFIT</b>		<b>577,036</b>	<b>141,012</b>
Other income - net	22	2,340	2,739
Gain / (loss) on foreign exchange		10,061	(16,800)
General and administrative expenses	23	(48,933)	(41,590)
Selling and distribution expenses	23	(44,884)	(29,277)
Impairment loss on trade and other receivables - net	7	(3,036)	(2,944)
Finance costs	24	(39,136)	(40,108)
Directors' fees	27	(420)	(210)
Changes in fair value of derivative financial instruments	20	(85)	(2,734)
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>452,943</b>	<b>10,038</b>
Tax	18	(1,073)	(283)
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>451,870</b>	<b>9,755</b>
Basic and diluted earnings per share (fils)	11	319	7



**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.



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 BD'000	2020 BD'000
<b>PROFIT FOR THE YEAR</b>		<b>451,870</b>	<b>9,755</b>
<i>Other comprehensive income</i>			
<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	6,647	(8,300)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>458,517</b>	<b>1,455</b>



**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.

# Consolidated Statement of Changes In Equity

For the year ended 31 December 2021

	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 2019		142,000	(3,994)	71,000	249	-	869,316	1,078,571
Profit for the year		-	-	-	-	-	9,755	9,755
<i>Other comprehensive income:</i>								
Effective portion of changes in fair value of cash flow hedge	20	-	-	-	-	(8,300)	-	(8,300)
Total comprehensive income for the year		-	-	-	-	(8,300)	9,755	1,455
Net movement in treasury shares		-	1,405	-	-	-	(466)	939
Final dividend for 2019 approved and paid	14	-	-	-	-	-	(1,412)	(1,412)
<b>Balance at 31 December 2020</b>		<b>142,000</b>	<b>(2,589)</b>	<b>71,000</b>	<b>249</b>	<b>(8,300)</b>	<b>877,193</b>	<b>1,079,553</b>
Profit for the year	-	-	-	-	-	-	451,870	451,870
<i>Other comprehensive income:</i>								
Effective portion of changes in fair value of cash flow hedge	20	-	-	-	-	6,647	-	6,647
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,647</b>	<b>451,870</b>	<b>458,517</b>
Reclassification adjustment of realised loss on settlement of cash flow hedge to profit or loss	20	-	-	-	-	2,597	-	2,597
Net movement in treasury shares		-	(1,153)	-	-	-	1,120	(33)
Interim dividend for 2021 approved and paid	14	-	-	-	-	-	(37,614)	(37,614)
<b>Balance at 31 December 2021</b>		<b>142,000</b>	<b>(3,742)</b>	<b>71,000</b>	<b>249</b>	<b>944</b>	<b>1,292,569</b>	<b>1,503,020</b>

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 BD'000	2020 BD'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before tax		452,943	10,038
<i>Adjustments for:</i>			
Depreciation and amortisation	5	122,912	118,158
Provision for employees' end of service benefits	17(a)	1,734	1,766
(Reversal) of / provision for slow moving inventories	6	(22)	59
Provision for impairment of trade receivables - net	7	3,036	2,994
Changes in fair value of derivative financial instruments	20	85	2,734
Loss on disposal of property, plant and equipment	22	361	1,014
Interest income	22	(346)	(768)
Forex (gain) / loss on revaluation of borrowings and bank balances		(14,581)	19,707
Finance costs	24	39,136	40,108
<b>Operating profit before working capital changes</b>		<b>605,258</b>	<b>195,810</b>
Working capital changes:			
Inventories		(63,308)	(18,409)
Trade and other receivables		(202,369)	21,325
Trade and other payables		(44,173)	(69,035)
<b>Cash generated from operations</b>		<b>295,408</b>	<b>129,691</b>
Employees' end of service benefits paid	17(a)	(1,649)	(1,774)
Income tax paid		(924)	(263)
<b>Net cash flows generated from operating activities</b>		<b>292,835</b>	<b>127,654</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(83,158)	(118,894)
Proceeds from disposal of property, plant and equipment		210	74
Interest received	22	346	768
<b>Net cash flows used in investing activities</b>		<b>(82,602)</b>	<b>(118,052)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans and borrowings availed		787,243	674,318
Loans and borrowings repaid		(880,787)	(677,916)
Interest on loans and borrowings and leases		(26,899)	(35,196)
Leases liabilities paid		(1,004)	(1,009)
Dividends paid	14	(37,614)	(1,412)
Settlement of derivatives		(2,598)	(6,871)
Purchase of treasury shares		(6,501)	(4,265)
Proceeds from resale of treasury shares		6,468	5,204
<b>Net cash flows used in financing activities</b>		<b>(161,692)</b>	<b>(47,147)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>48,541</b>	<b>(37,545)</b>
Bank balances and cash at 1 January		44,438	81,329
Effect of movement in exchange rates on cash held		332	654
Restricted cash (Deposit pledged against short term borrowings)	8	(9,392)	(13,778)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>8</b>	<b>83,919</b>	<b>30,660</b>

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

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 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, Commerce and Tourism 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
	2021	2020		
Aluminium Bahrain US, Inc.	100%	100%	United States of America (USA)	Selling and distribution of aluminium throughout the South and North America
ALBA Club W.L.L.*	-	100%	Kingdom of Bahrain	Provider of recreational and sports facilities
AlbaCap Insurance Limited	100%	100%	Guernsey	Captive insurance entity to insure risks of the Group

\* The Company based on Board resolution dated 30 December 2021, have proposed to cancel the ALBA Club W.L.L. and convert into the Branch of the Company. The Company is in the process of cancelling the Commercial Registration by filing the necessary document with Ministry of Industry, Commerce and Tourism.

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

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors on 10 February 2022.

## 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 2. BASIS OF PREPARATION (continued)

### (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.

### (d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. 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.



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 2. BASIS OF PREPARATION (continued)

### (d) Basis of consolidation (continued)

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 2021

The Group has initially adopted Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments) from 1 January 2021 as disclosed in note 3(a). Following amendments to existing standards and framework are also effective from 1 January 2021:

#### *COVID-19 Related Rent Concessions (Amendment to IFRS 16)*

The IASB (International Accounting Standards Board) in response to the COVID-19 coronavirus pandemic, has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. The rent concessions could be in various forms and may include one-off rent reductions, rent waivers or deferrals of lease payments. If the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognized in profit or loss.

The practical expedient will only apply if:

- (i) the revised consideration is substantially the same or less than the original consideration;
- (ii) the reduction in lease payments relates to payments due on or before 30 June 2021; and
- (iii) no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose:

- (i) that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and
- (ii) the amount recognized in profit or loss for the reporting period arising from application of the practical expedient.

No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted.

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

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 2. BASIS OF PREPARATION (continued)

### (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 2022 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) 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 Group does not expect to have a significant impact on its 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 amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

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

### (III) 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 2. BASIS OF PREPARATION (continued)

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

#### (IV) COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

A one-year extension to the practical expedient for COVID-19 related rent concessions under IFRS 16 Leases has been published by the International Accounting Standards Board (the Board). COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment) is a response to the ongoing economic challenges resulting from the COVID-19 coronavirus pandemic.

The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021, with early application permitted. Lessees are permitted to apply it early, including in financial statements not authorised for issue. In effect, it is available to be applied now, subject to any local endorsement requirements.

Adoption of this amendments are not expected to have significant impact on the consolidated financial statements of the Group.

#### (V) 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.

#### (VI) Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the 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.

#### (VII) 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 2. BASIS OF PREPARATION (continued)

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

#### (VIII) 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, except for changes arising from initial adoption of Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as set below.

### (a) Changes in accounting policies

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

The Group applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2020, there is no impact on opening equity balances as a result of retrospective application.

#### Specific policies applicable from 1 January 2021 for interest rate benchmark reform

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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Changes in accounting policies (continued)

- 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.

### b) 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.

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.



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) Fair value measurement (continued)

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.

### c) 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.

### d) 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### d) Revenue (continued)

#### *(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.

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.

### 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### e) Property, plant and equipment (continued)

#### *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.

### 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:

<b>Raw materials</b>	Purchase cost on a weighted average basis.
<b>Finished goods and work in process</b>	Cost of direct materials, labour plus attributable overheads based on normal level of activity, but excluding borrowing costs, on weighted average basis
<b>Spares</b>	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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

#### 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:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Financial Instruments (continued)

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 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 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 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 statement of income 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;



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Financial Instruments (continued)

- 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.

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*

The Group has adopted the Phase 2 amendments and retrospectively applied from 1 January 2021 as described in note 3(a).

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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Financial Instruments (continued)

#### *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.

### 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### i) Taxes (continued)

#### *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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### m) Leases (continued)

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) Government grants

The Group recognises an unconditional government grant in the consolidated statement of profit or loss as other income/ net off against the respective expenses when the grants become receivable.

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in consolidated statement of profit or loss as other income on a systematic basis over the useful life of the asset.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### o) Government grants (continued)

Grants that compensate the Group for expenses incurred are recognised in consolidated statement of profit or loss as reduction from respective expenses, on a systematic basis in the periods in which the expenses are recognised unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

### p) 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.

### q) Cash and cash equivalents

For the purpose of 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.

### r) Share Capital

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

### s) 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.



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

### Judgements (continued)

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 2021, 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 2021, gross inventories of spares was BD 34,499 thousand (2020: BD 34,906 thousand) with provisions for slow moving spares of BD 1,810 thousand (2020: BD 1,832 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.

#### *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 2021. The recoverable amount of the CGU was based on its value-in-use.

Consistent with its method of impairment assessment as of 31 December 2020, 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 2020, the weighted average cost of capital used in calculating the CGU's value-in-use as on 31 December 2021 increased from 7.7% to 8.3% to reflect the change in overall market based inputs as at the reporting date including lower 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

### Estimates and assumptions (continued)

#### Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that reasonably possible changes in the weighted average cost of capital would cause a material change to the recoverable amount. An increase in weighted average cost of capital by 14.77% (1477 basis point) (31 December 2020: 1.35% (135 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 10.80% (31 December 2020: 1.28%) (with all other variables remain unchanged) throughout the forecast period and a reduction in LME price by USD 819/MT (31 December 2020: USD 85/MT) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

The LME price has increased significantly compared to the previous year. The net carrying value of CGU is greater than its recoverable amount even with the assumption of premium considered zero (31 December 2020: USD 50/MT) (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 2021.

#### 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

	Land and buildings BD '000	Power generating plant BD '000	Plant, machinery and other equipment BD '000	Assets in process of completion BD '000	Total BD '000
<b>Cost:</b>					
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)
Disposal	(566)	(626)	(1,678)	-	(2,870)
At 31 December 2021	508,820	798,472	2,127,837	67,670	3,502,799
<b>Depreciation and amortisation:</b>					
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
<b>Net carrying value:</b>					
At 31 December 2021	348,759	448,309	1,042,944	67,670	1,907,682

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings BD'000	Power generating plant BD'000	Plant, machinery and other equipment BD'000	Assets in process of completion BD'000	Total BD'000
<b>Cost:</b>					
At 1 January 2020	459,121	775,121	2,045,438	98,822	3,378,502
Additions	12,333	311	18,589	76,447	107,680
Transfers	12,937	23,070	56,432	(92,439)	-
Disposal	(9,616)	(2,516)	(43,872)	-	(56,004)
At 31 December 2020	474,775	795,986	2,076,587	82,830	3,430,178
<b>Depreciation and amortisation:</b>					
At 1 January 2020	141,214	305,996	969,142	-	1,416,352
Charge for the year	13,845	23,096	81,217	-	118,158
Relating to disposals	(9,211)	(2,074)	(43,631)	-	(54,916)
At 31 December 2020	145,848	327,018	1,006,728	-	1,479,594
<b>Net carrying value:</b>					
At 31 December 2020	328,927	468,968	1,069,859	82,830	1,950,584

As at 31 December 2021, net carrying value of land and buildings includes right-of-use assets of BD 4,354 thousand (2020: BD 4,520 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 2021 (2020: BD 453 thousand).

### Right-of-use assets

As at 31 December 2021, the net carrying values of land and buildings and plant, machinery and other equipment include right-of-use assets amounting to BD 4,354 thousand (2020: BD 4,520 thousand) and BD 775 thousand (2020: BD 1,713 thousand), respectively.

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 the construction of 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:

	2021 BD'000	2020 BD'000
Cost of sales	118,544	115,846
General and administrative expenses	4,342	2,283
Selling and distribution expenses	26	29
	122,912	118,158

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### *Property, plant and other equipment under construction*

As at 31 December 2021, the Group incurred capital expenditure of BD 44,779 thousand (2020: BD 40,638 thousand) in respect of its major property, plant and equipment in course of construction.

## 6. INVENTORIES (LOWER OF COST AND NET REALISABLE VALUE)

	2021 BD'000	2020 BD'000
Raw materials	46,842	40,534
Work-in-process	99,689	70,498
Goods in transit	48,817	37,379
Finished goods	74,798	58,020
Spares [net of provision of BD 1,810 thousand (2020: BD 1,832 thousand)]	32,689	33,074
	<b>302,835</b>	<b>239,505</b>

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

	2021 BD'000	2020 BD'000
At 1 January	1,832	1,773
(Reversed) / charged for the year in cost of sales	(22)	59
At 31 December	<b>1,810</b>	<b>1,832</b>

## 7. TRADE AND OTHER RECEIVABLES

	2021 BD'000	2020 BD'000
Trade receivables - others [net of allowance for ECL of BD 307 thousand (2020: BD 195 thousand)]	291,836	99,084
Trade receivables (subject to provisional pricing) - fair value	170	135
Trade receivables - related parties [net of impairment allowance of BD 7,944 thousand (2020: BD 5,688 thousand)] (note 27)	4,733	5,110
	<b>296,739</b>	<b>104,329</b>
Advances to suppliers	3,885	2,719
Prepayments	3,639	1,285
Other receivables [net of provision of BD 118 thousand (2020: BD 121 thousand)]	6,799	8,867
Other receivables - related parties [net of impairment allowance of BD Nil (2020: BD 787 thousand)] (note 27)	884	125
VAT receivable	6,492	1,780
	<b>318,438</b>	<b>119,105</b>

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 7. TRADE AND OTHER RECEIVABLES (continued)

Movements in the provision for doubtful trade and other receivables were as follows:

	Trade receivables		Other receivables	
	2021 BD'000	2020 BD'000	2021 BD'000	2020 BD'000
At 1 January	6,670	3,677	121	147
Provision during the year	3,036	2,994	-	-
Write off against provision, net (note 27)	(1,455)	(1)	(3)	(26)
At 31 December	8,251	6,670	118	121

Information about the Group's exposure to credit, market risks and expected credit losses for trade receivables is included in note 28. The fair value changes arising from trade receivables (subject to provisional pricing) as at 31 December 2021 was assessed as not material for recognition purposes.

## 8. CASH AND CASH EQUIVALENTS

	2021 BD'000	2020 BD'000
<i>Cash at bank:</i>		
- Current accounts	22,349	17,015
- Call accounts	48,699	13,574
- Short term deposits	22,198	13,778
Cash in hand	65	71
<b>Bank balances and cash in consolidated statement of financial position</b>	<b>93,311</b>	<b>44,438</b>
Restricted cash (Deposit pledged against short term borrowings)	(9,392)	(13,778)
<b>Cash and cash equivalents</b>	<b>83,919</b>	<b>30,660</b>

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 2021 is 0.1% p.a. to 2.1% p.a. (2020: 0.1% p.a. to 2.5% p.a.). Short term deposits earn interest between 0.25% p.a. to 0.47% p.a. (2020: 0.25% to 0.45% p.a.) and have maturities less than three months.

## 9. SHARE CAPITAL

	2021 BD'000	2020 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

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 9. SHARE CAPITAL (continued)

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

Categories	2021			2020		
	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%	85,141,680	3,029	6.02	82,382,489	3,160	5.82
1% up to less than 5%	51,948,421	2	3.67	54,791,575	2	3.87
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	69.62	985,196,000	1	69.62
	<b>1,415,090,101</b>	<b>3,033</b>	<b>100.00</b>	<b>1,415,174,064</b>	<b>3,164</b>	<b>100.00</b>

- ii) The Company has only one class of equity shares and the holders of these shares have equal voting rights.
- iii) Total number of shares owned by the director of the Company as at 31 December 2021 was 1,281,000 shares (2020: 1,281,000 shares).
- iv) As at 31 December 2021, Bahrain Mumtalakat Holding Company B.S.C. (c) held 69.38% (31 December 2020: 69.38%) of the total share capital of the Company.
- v) As at 31 December 2021, Sabic Industrial Investment Co. held 20.62% (31 December 2020: 20.62%) of the total share capital of the Company.

## 10. TREASURY SHARES

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

	2021		2020	
	No of shares	BD '000	No of shares	BD '000
	4,909,899	3,742	4,825,936	2,589

- i) Included in treasury shares are 697,000 shares (2020: 697,000 shares) that were an excess in the Employees' Stock Incentive Plan [note 17 (c)].
- ii) The transactions with value date post 31 December 2021 totalling Nil shares, were not accounted in the Treasury Shares for the year (2020: 22,158 shares).
- iii) The Board of Directors authorised the Company to purchase its own shares for a total cost amounting to BD 10,000 thousand (2020: BD 10,000 thousand).



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 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:

	2021	2020
Profit for the year - BD' 000	451,870	9,755
Weighted average number of shares, net of treasury shares - thousands of shares	1,414,759	1,413,396
Basic and diluted earnings per share (fils)	319	7

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 dividend of BD 0.05314 per share (excluding treasury shares) totaling BD 75,200 thousand. The final dividend is subject to the approval of the Company's shareholders at the Annual General Meeting to be held in March 2022.

On 4 November 2021, the Board of Directors approved to pay an interim dividend BD 0.02657 per share (excluding treasury shares) totaling BD 37,614 thousand which was fully paid on 23 November 2021.

At the Annual General Meeting held on 8 March 2020, the Company's shareholders approved final dividend of BD 0.001 per share (excluding treasury shares) totaling BD 1,412 thousand relating to 2019, which has been fully paid as of 31 December 2020.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 15. LOANS AND BORROWINGS

	2021			2020
	Non-current BD '000	Current BD '000	Total BD '000	Total BD '000
Line 6 Refinancing Term Loan Facility [1]	441,781	54,539	496,320	530,160
Line 6 Euro SERV Loan [2]	93,996	11,090	105,086	124,089
Line 6 USD SERV Loan [2]	81,920	9,653	91,573	101,225
Line 6 Hermes 1 Covered Facility [3]	12,047	1,458	13,505	16,352
Line 6 Hermes 2 Covered Facility [4]	13,198	2,036	15,234	18,488
Line 6 BPAI Covered Facility [5]	35,438	5,291	40,729	49,155
Line 6 EDC Covered Facility [6]	30,386	5,064	35,450	40,515
Line 6 JBIC / NEXI 2 Covered Facility [7]	19,149	3,911	23,060	28,808
Working capital revolving credit [8]	-	133,932	133,932	153,890
Total loans and borrowings	727,915	226,974	954,889	1,062,682
Less: unamortised transaction costs	(24,356)	(3,383)	(27,739)	(38,548)
Net loans and borrowings	703,559	223,591	927,150	1,024,134
Payable after one year			703,559	800,745
Payable within one year			223,591	223,389
			927,150	1,024,134

### [1] Line 6 Refinancing Term Loan Facility

On 29 October 2019, the Group entered into a term loan facility with a syndicate of financial institutions for USD 1.5 billion comprising two tranches; USD 590 million as a conventional credit facility and USD 910 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 is obtained 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 April 2020. The new term loan facility carries interest at LIBOR plus 3.00% (2020: LIBOR plus 3.00%).

### [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% (2020: EURIBOR plus 0.65%) and LIBOR plus 0.90% (2020: LIBOR plus 0.90%) respectively.

### [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% (2020: EURIBOR plus 0.55%).

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 15. LOANS AND BORROWINGS (continued)

### [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% (2020: 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% (2020: 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% (2020: 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% (2020: EURIBOR plus 0.60%).

### [8] 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 1% to 1.6% (2020: 0.80% to 3.9%).

The Group is required to ensure that the debt covenant of outstanding loans and borrowings should not exceed 300 percent of EBITDA during each period of twelve months ending on or about the last day of each financial half-year of the Group.

The Group has obtained waiver letter from all the banks with respect to debt covenant requirement up to and including 30 June 2021, with additional conditions to be met up to 31 December 2021. These additional covenants among other things include certain restrictions subject to financial conditions being met, on dividend declaration, maintenance of minimum cash balance and restriction on redemption, repurchase, defease, retire or repay any of its share capital.

As at 31 December 2021, the Group is compliant with the covenants clauses relating to Leverage Ratio and Debt Service Cover Ratio.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 16. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2021	Liabilities				Derivative (assets) / liabilities held to hedge long term borrowings	Cash flow hedge - other comprehensive income BD '000	Equity					Total
	Short term borrowings used for cash management purposes BD '000	Other loans and borrowings BD '000	Accrued Interest BD '000	Lease liabilities BD '000	At Fair through Profit and loss BD '000		Share capital BD '000	Treasury shares BD '000	Reserves BD '000	Cash Flow Hedge Reserve BD '000	Retained Earnings BD '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)	(37,614)
Payment of interest and other costs	-	-	(26,713)	(186)	-	-	-	-	-	-	-	(26,899)
<b>Total changes from financing cashflows</b>	<b>(19,958)</b>	<b>(73,586)</b>	<b>(26,713)</b>	<b>(1,190)</b>	<b>(1)</b>	<b>(2,597)</b>	<b>-</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>(37,614)</b>	<b>(161,692)</b>
Effect of change in foreign exchange rates	-	(14,249)	-	-	-	-	-	-	-	-	-	(14,249)
Changes in fair value - OCI	-	-	-	-	-	(6,647)	-	-	-	6,647	-	-
Changes in fair value - P&L	-	-	-	-	85	-	-	-	-	-	-	85
	(19,958)	(87,835)	(26,713)	(1,190)	84	(9,244)	-	(33)	-	6,647	(37,614)	(175,856)
<b>Other changes - liability related</b>												
Interest expense and other costs	-	10,809	25,544	186	-	-	-	-	-	2,597	-	39,136
Total liability related changes	-	10,809	25,544	186	-	-	-	-	-	2,597	-	39,136
<b>Total equity related changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,120</b>	<b>-</b>	<b>-</b>	<b>452,990</b>	<b>451,870</b>
<b>Total changes</b>	<b>(19,958)</b>	<b>(77,026)</b>	<b>(1,169)</b>	<b>(1,004)</b>	<b>84</b>	<b>(9,244)</b>	<b>-</b>	<b>(1,153)</b>	<b>-</b>	<b>9,244</b>	<b>415,376</b>	<b>315,150</b>
Balance as at 31 December 2021	133,932	793,218	5,507	5,550	79	(944)	142,000	(3,742)	71,249	944	1,292,569	2,440,362

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 16. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES (continued)

	Liabilities				Derivative (assets) / liabilities held to hedge long term borrowings	Equity					Total	
	Short term borrowings used for cash management purposes BD '000	Other loans and borrowings BD '000	Accrued Interest BD '000	Lease liabilities BD '000	At Fair through Profit and loss BD '000	Cash flow hedge - other compre- hensive income BD '000	Share capital BD '000	Treasury shares BD '000	Reserves BD '000	Cash Flow Hedge Reserve BD '000		Retained Earnings BD '000
2020												
Balance as at 01 January 2020	84,862	917,619	6,654	6,121	4,132	-	142,000	(3,994)	71,249	-	869,316	2,097,959
<i>Change from financing cash flows</i>												
Proceeds from short term borrowings	674,318	-	-	-	-	-	-	-	-	-	-	674,318
Proceeds from loans and borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of treasury sales	-	-	-	-	-	-	-	5,204	-	-	-	5,204
Repayments of short term borrowings	(605,290)	-	-	-	-	-	-	-	-	-	-	(605,290)
Repayments of loans and borrowings	-	(72,626)	-	-	-	-	-	-	-	-	-	(72,626)
Purchase of treasury shares	-	-	-	-	-	-	-	(4,265)	-	-	-	(4,265)
Payment lease liabilities	-	-	-	(1,009)	-	-	-	-	-	-	-	(1,009)
Settlement of derivatives	-	-	-	-	(6,871)	-	-	-	-	-	-	(6,871)
Dividend Payment	-	-	-	-	-	-	-	-	-	-	(1,412)	(1,412)
Payment of interest and other costs	-	-	(34,944)	(252)	-	-	-	-	-	-	-	(35,196)
<b>Total changes from financing cashflows</b>	<b>69,028</b>	<b>(72,626)</b>	<b>(34,944)</b>	<b>(1,261)</b>	<b>(6,871)</b>	<b>-</b>	<b>-</b>	<b>939</b>	<b>-</b>	<b>-</b>	<b>(1,412)</b>	<b>(47,147)</b>
Effect of change in foreign exchange rates	-	20,361	-	-	-	-	-	-	-	-	-	20,361
Changes in fair value - OCI	-	-	-	-	-	8,300	-	-	-	(8,300)	-	-
Changes in fair value - P&L	-	-	-	-	2,734	-	-	-	-	-	-	2,734
	69,028	(52,265)	(34,944)	(1,261)	(4,137)	8,300	-	939	-	(8,300)	(1,412)	(24,052)
<b>Other changes - liability related</b>												
New leases	-	-	-	1,442	-	-	-	-	-	-	-	1,442
Interest expense and other costs	-	4,890	34,966	252	-	-	-	-	-	-	-	40,108
Total liability related changes	-	4,890	34,966	1,694	-	-	-	-	-	-	-	41,550
<b>Total equity related changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>466</b>	<b>-</b>	<b>-</b>	<b>9,289</b>	<b>9,755</b>
<b>Total changes</b>	<b>69,028</b>	<b>(47,375)</b>	<b>22</b>	<b>433</b>	<b>(4,137)</b>	<b>8,300</b>	<b>-</b>	<b>1,405</b>	<b>-</b>	<b>(8,300)</b>	<b>7,877</b>	<b>27,253</b>
Balance as at 31 December 2020	153,890	870,244	6,676	6,554	(5)	8,300	142,000	(2,589)	71,249	(8,300)	877,193	2,125,212

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 17. EMPLOYEE BENEFITS

### (a) Defined benefit scheme - leaving indemnity

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

	2021 BD'000	2020 BD'000
Provision as at 1 January	1,619	1,627
Provided during the year (note 23)	1,734	1,766
Employees' end of service benefits paid	(1,649)	(1,774)
Provision as at 31 December	1,704	1,619

### (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	
	2021 BD'000	2020 BD'000	2021 BD'000	2020 BD'000
Provision as at 1 January	1,467	2,094	1,213	148
Expense recognised in the consolidated statement of comprehensive income (note 23)	5,404	5,462	6,799	7,069
Contributions paid	(5,013)	(6,089)	(7,110)	(6,004)
Provision as at 31 December (note 19)	1,858	1,467	902	1,213

### (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 2021 (2020: 697,000 shares).

## 18. TAXATION

Taxation pertains to the Group's subsidiary in the United States of America and the normalised tax rate was 23.30% as of 31 December 2021 (2020: 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.

	2021 BD'000	2020 BD'000
<i>Current (asset) / liability</i>		
Current year	137	(47)
<i>Recognised in consolidated statement of profit or loss</i>		
Current year expense	1,108	185
Deferred tax expense / (benefit)	(35)	98
<b>Cash and cash equivalents</b>	<b>1,073</b>	<b>283</b>



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 18. TAXATION (continued)

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.

	2021 BD'000	2020 BD'000
Deferred tax asset	101	69
Deferred tax liability	(2)	(5)
Deferred tax asset - net	99	64

	2021 BD'000	2020 BD'000
The deferred tax asset comprises the following temporary differences:		
Deductible temporary differences	432	297
Taxable temporary differences	(9)	(22)
	423	275

## 19. TRADE AND OTHER PAYABLES

	2021 BD'000	2020 BD'000
Trade payables - supplier factoring facility (i)	-	50,431
Trade payables - related parties (note 27)	32,834	47,388
Trade payables - others	78,225	59,631
	111,059	157,450
Employee related accruals (ii)	46,504	20,750
Accrued expenses	24,130	27,590
Alba Savings Benefit Scheme [note 17(b)]	1,858	1,467
Social Insurance Organisation [(note 17(b)]	902	1,213
Advances from customers (iii)	1,353	25,071
	185,806	233,541

- i) During previous year, the Group entered into supplier factoring arrangement under which certain suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, the bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the suppliers to sell their receivables due from the Group to a bank before due date.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement. From the Group perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore discloses the amount factored by suppliers within trade payables because nature and function of the financial liability remain the same as those of other trade payables but discloses disaggregated amounts in the notes. All payables under this arrangement are classified as current as at 31 December 2021 and 31 December 2020.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 19. TRADE AND OTHER PAYABLES (continued)

The payments to the bank under supplier factoring arrangement, are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating i.e. payments for purchase of goods. The payments to a supplier by bank are considered as non-cash transactions and amounts to BD Nil as at 31 December 2021 (31 December 2020: BD 17,552 thousand).

- ii) Employee related accruals include accruals for wages and salaries, bonus, sick leave, annual leave, medical and other benefits.
- iii) Advances from customers includes BD Nil (2020: BD 24,466 thousand) received from two customers; settlements against the advance are in the form of quantities of aluminium.

## 20. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 BD'000	2020 BD'000
<i>Classified in the consolidated statement of financial position as follows:</i>		
Negative fair values - liabilities arising from interest rate swap (IRS)		
Non-current portion	-	5,680
Current portion	1,294	2,620
	1,294	8,300
Negative fair values - liabilities current portion arising from commodity futures	79	-
	1,373	8,300
Positive fair values - assets non-current portion arising from IRS	(2,238)	-
Positive fair values - assets current portion arising from commodity futures	-	(5)
<b>Total</b>	<b>(865)</b>	<b>8,295</b>
<i>Recognised in consolidated statements of profit or loss as follows:</i>		
Changes in fair value of derivative financial instruments related to		
- Interest rate swap (FVTPL)	-	(2,884)
- Commodity futures (FVTPL)	(85)	150
<b>Changes in fair value of derivative financial instruments</b>	<b>(85)</b>	<b>(2,734)</b>
- Realised loss on settlement of IRS (note i)	(2,597)	-
	(2,682)	(2,734)
<i>Recognised in other comprehensive income</i>		
- Interest rate swap (note ii)	6,647	(8,300)

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

- (i) 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.
- (ii) This represents the difference between the Mark-to-Market (MTM) value of IRS as on 31 December 2021 and 31 December 2020 as confirmed by the respective counter party in IRS transaction as disclosed below.

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

### Interest rate swaps

On 3 March 2020, the Group entered into amortised interest rate swap transaction to hedge dollar 6 months LIBOR cash flows attributable to the borrowings availed for financing the Line 6 project for the notional amount of BD 248,160 thousand (2020: BD 265,080 thousand) out of total principal amount of BD 496,320 thousand as on 31 December 2021 (2020: BD 530,160 thousand).

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).

The Group settled its previous interest rate swap contracts designated at fair value through profit and loss on 3 March 2020 and related fair value gains or losses were recognised in the consolidated statement of profit or loss.

Existing derivative contracts expire on 29 October 2027. The notional amount outstanding as at 31 December 2021 was BD 248,160 thousand (31 December 2020: BD 265,080 thousand) with fixed rate leg of 1.2125% over the term of the contract.

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 7,825 metric tonnes (2020: 3,000 metric tonnes) and these mature between one to six 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 21. LEASES (continued)

### Leases as lessee (continued)

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.

2021	Land and buildings BD'000	Plant, machinery and other equipment BD'000	Total BD'000
Balance at 1 January	4,520	1,713	6,233
Depreciation charge for the year	(166)	(938)	(1,104)
<b>Balance at 31 December</b>	<b>4,354</b>	<b>775</b>	<b>5,129</b>
2020	Land and buildings BD'000	Plant, machinery and other equipment BD'000	Total BD'000
Balance at 1 January	3,345	2,709	6,054
Depreciation charge for the year	(267)	(996)	(1,263)
Additions to right-of-use assets	1,442	-	1,442
<b>Balance at 31 December</b>	<b>4,520</b>	<b>1,713</b>	<b>6,233</b>

#### ii. Lease liabilities under IFRS 16

	2021 BD'000	2020 BD'000
Non-current portion	4,864	5,561
Current portion	686	993
	<b>5,550</b>	<b>6,554</b>

Effective interest on lease liabilities ranges from 1.99% to 6.00% (2020: 1.99% to 6.00%).

#### iii. Amounts recognised in profit or loss

	2021 BD'000	2020 BD'000
Leases under IFRS 16		
Interest on lease liabilities	186	252
Depreciation	1,104	1,263
Expenses relating to short-term leases	1,073	670
	<b>2,363</b>	<b>2,185</b>

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 21. LEASES (continued)

### iv. Amounts recognised in statement of cash flows

	2021 BD'000	2020 BD'000
Total cash outflow for lease liabilities	1,004	1,009

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/ (EXPENSE) - NET

	2021 BD'000	2020 BD'000
Sale of water	1,680	1,390
Interest income	346	768
Loss on disposal of property, plant and equipment	(361)	(1,014)
Miscellaneous	675	1,595
	2,340	2,739

## 23. EXPENSES BY NATURE

	2021 BD'000	2020 BD'000
Changes in inventories of finished goods and work in progress	(47,265)	11,285
Inventories recognised as an expense in cost of sales	785,668	653,218
Depreciation and amortisation	122,912	118,158
Staff costs (ii)	122,718	102,033
Spares & Consumables	35,761	32,247
Contracted Repairs	23,252	19,377
Insurance	11,064	16,916
Freight	41,277	25,034
Other expenses (net of sale of electricity of BD 1,560 thousand (2020: Nil) (note 27)	6,232	13,010
<b>Total cost of sales, general and administrative expenses, selling and distribution expenses</b>	<b>1,101,619</b>	<b>991,278</b>

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 23. EXPENSES BY NATURE (continued)

### (i) Break-down of expenses is as follows:

	2021 BD'000	2020 BD'000
Cost of sales	1,007,802	920,411
General and administrative expenses	48,933	41,590
Selling and distribution expenses	44,884	29,277
	<b>1,101,619</b>	<b>991,278</b>

### (ii) Break-down of staff costs is as follows:

	2021 BD'000	2020 BD'000
Wages and salaries	98,573	77,759
Social Insurance Organisation [note 17(b)]	6,799	7,069
Alba Savings Benefit Scheme [note 17(b)]	5,404	5,462
Payments to contractors	7,243	7,860
Employees' end of service benefits [note 17(a)]	1,734	1,766
Indirect benefits (housing, education)	2,774	1,955
Others	191	162
	<b>122,718</b>	<b>102,033</b>

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

	2021 BD'000	2020 BD'000
Cost of sales	94,973	85,209
General and administrative expenses	25,335	14,955
Selling and distribution expenses	2,410	1,869
	<b>122,718</b>	<b>102,033</b>

- (i) Cost of sales includes COVID-19 related government grants / assistance of BD Nil (2020: BD 12,740 thousand) received from the Government of Kingdom of Bahrain, for the reimbursement of salaries of the national employees, partial waiver of Electricity and Water Authority utility bills and exemption of government-owned industrial land rental fees from April 2020 to June 2020. In accordance with IAS 20, the Group has recognised these grants in profit or loss on a systematic basis in the periods in which compensated expenses are recognised. These government grants have been deducted from the related expenses in cost of sales.
- (ii) During previous year, as a consequence of the impact of COVID 19, the Board authorized the Group to approach specific staff, mainly those with medical issues, or staff in excess to department needs or sub-performing staff, and offer an early retirement scheme/ Medical release, if eligible. It was only for staff that the company was targeting. The BD 7,646 thousand represented the total paid out during the previous year as part of this one-off arrangement.



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 24. FINANCE COSTS

	2021 BD'000	2020 BD'000
Interest on loans and borrowings	37,405	36,606
Interest on advances received from customers	300	2,538
Interest on lease liabilities	186	252
Bank charges	1,245	712
	<b>39,136</b>	<b>40,108</b>

## 25. COMMITMENTS AND CONTINGENCIES

### a) Commitments

	2021 BD'000	2020 BD'000
<i>Physical metal commitments</i>		
Sales commitments : 7,825 metric tonnes (2020: 3,000 metric tonnes)	8,227	2,248

#### *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 20,862 thousand (2020: BD 24,324 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

#### *Letters of credit*

At 31 December 2021, the Group has outstanding letters of credit to counterparties of BD 3,818 thousand (2020: 51,233 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 3 thousand (2020: BD 44 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 18,036 thousand (2020: BD 19,459 thousand).

At 31 December 2021, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 12,921 thousand (2020: BD 19,875 thousand) from which it is anticipated that no material liabilities will arise.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 26. OPERATING SEGMENT INFORMATION

As on 31 December 2021, 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:

	2021 BD'000	2020 BD'000
Aluminium	1,564,843	1,057,457
Alumina trading	17,291	3,339
Calcined coke	3	1,469
Revenue from contracts with customers	1,582,137	1,062,265
Pricing adjustments*	2,701	(842)
<b>Total revenue</b>	<b>1,584,838</b>	<b>1,061,423</b>

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

### (b) Geographic information

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

	2021 BD'000	2020 BD'000
Kingdom of Bahrain	368,330	216,274
Europe	328,260	246,607
Rest of the Middle East and North Africa	314,776	176,505
Asia	337,130	307,144
Americas	236,342	114,893
<b>Total revenue from contracts with customers</b>	<b>1,584,838</b>	<b>1,061,423</b>

### (c) Customers

Revenue from sale of aluminium to the 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 (three major customers of the Group amounted to BD 526,968 thousand with all three customers accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2020).

## 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 27. RELATED PARTY TRANSACTIONS (continued)

### 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:

	2021 BD'000	2020 BD'000
<b>Other related parties</b>		
<b>Sales of goods and interest income</b>		
Sale of metal	108,241	43,881
Sale of water	1,596	1,302
Sale of electricity (netted against other expenses in note 23)	1,560	-
Interest on receivable (net of write off)	-	787
	<b>111,397</b>	<b>45,970</b>
<b>Cost of sales and expenses</b>		
Purchase of natural gas and diesel	235,448	230,664
Purchase of electricity	3,289	3,560
Interest on loans and borrowings	2,137	2,823
Others	190	1,483
	<b>241,064</b>	<b>238,530</b>

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

	2021 BD'000	2020 BD'000
<b>Other related parties</b>		
<b>Assets</b>		
Trade receivables net of impairment allowance of BD 7,944 thousand (2020: BD 5,688 thousand) (note 7)	4,733	5,110
Bank balances	1,243	1,065
Other receivables - net of impairment of BD Nil (2020: BD 787 thousand)	884	125
	<b>6,860</b>	<b>6,300</b>

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 27. RELATED PARTY TRANSACTIONS (continued)

	2021 BD'000	2020 BD'000
<b>Liabilities</b>		
Trade payables (note 19)	32,834	47,388
Loans and Borrowings	54,595	65,001
Interest payable on loans and borrowings	492	346
	<b>87,921</b>	<b>112,735</b>

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 2021, the Group recorded a specific impairment of BD 2,256 thousand (net of adjustment against other receivable balance amounting to BD 710 thousand) on amounts due from related parties, based on the management best expectation [2020: BD 2,275 thousand (net of adjustment against other receivable balance amounting to BD 787 thousand)] [note 7].

### Compensation of key management personnel (KMP)

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

	2021 BD'000	2020 BD'000
Short term benefits	1,336	1,395
End of service benefits	40	40
Contributions to Alba Savings Benefit Scheme	87	86
Other benefits	29	29
	<b>1,492</b>	<b>1,550</b>

Director compensation during the year included Directors' Fee of BD 420 thousand (2020: BD 210 thousand), attendance fees of BD 117 thousand (2020: BD 140 thousand), sitting fees of BD 84 thousand (2020: BD 84 thousand) and other reimbursement of BD 14 thousand.

## 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.

# Notes to the Consolidated Financial Statements

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## 28. RISK MANAGEMENT (continued)

### Credit risk

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

	2021 BD'000	2020 BD'000
Cash at bank	93,246	44,367
Trade receivables	296,739	104,329
Other receivables	6,799	8,867
	<b>396,784</b>	<b>157,563</b>

### 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).

	Exposure BD'000	Weighted average loss rate	Loss allowance BD'000
<b>2021</b>			
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
	<b>292,006</b>		<b>307</b>
<b>2020</b>			
Current	84,281	0.03%	24
0 - 30 days	14,516	0.38%	59
31 - 360 days	422	26.54%	112
	<b>99,219</b>		<b>195</b>

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 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, which account for 33% of the outstanding trade receivables at 31 December 2021 (2020: 39%).

### 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.

31 December 2021	Carrying values BD '000	Gross Contractual Cashflows				Total BD '000
		Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	
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	184,435	(187,297)	-	-	-	(187,297)
Lease liabilities	5,550	(267)	(541)	(1,185)	(5,410)	(7,403)
<b>Total</b>	<b>1,151,754</b>	<b>(338,360)</b>	<b>(107,460)</b>	<b>(501,935)</b>	<b>(302,051)</b>	<b>(1,249,806)</b>

31 December 2020	Carrying values BD '000	Gross Contractual Cashflows				Total BD '000
		Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	
Loans and borrowings (including interest payable)	1,069,358	(10,672)	(238,744)	(468,028)	(416,042)	(1,133,486)
Derivative financial instruments	8,295	-	(2,615)	(5,680)	-	(8,295)
Trade and other payables	208,470	(207,257)	-	-	-	(207,257)
Lease liabilities	6,555	(339)	(899)	(1,879)	(5,651)	(8,768)
<b>Total</b>	<b>1,292,678</b>	<b>(218,268)</b>	<b>(242,258)</b>	<b>(475,587)</b>	<b>(421,693)</b>	<b>(1,357,806)</b>



# Notes to the Consolidated Financial Statements

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## 28. RISK MANAGEMENT (continued)

### Liquidity risk (continued)

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.

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 'Managing interest rate benchmark reform and associated risks' below.

The interest earned on overdue receivables is based on floating LIBOR 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 28. RISK MANAGEMENT (continued)

### Interest rate risk (continued)

#### 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:

	2021 BD'000	2020 BD'000
<b>Variable rate instruments</b>		
Financial assets	70,897	27,352
Financial liabilities	(954,889)	(1,062,682)
	(883,992)	(1,035,330)
Effect of interest rate swaps	248,160	265,080
	(635,832)	(770,250)

#### 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
<b>31 December 2021</b>				
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)
<b>31 December 2020</b>				
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)

#### 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 interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2020 was indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is Secured Overnight Financing Rate (SOFR). Although US dollar LIBOR was planned to be discontinued by end of 2021, in November 2020 the ICE Benchmark Administrative (IBA), the FCA-regulated and authorised administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain USD LIBORs after June 2023. As at 31 December 2021, it is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. Nevertheless, the Group had finished the process of implementing appropriate fallback provisions for all US dollar LIBOR indexed exposures by the end 2021.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 28. RISK MANAGEMENT (continued)

### Interest rate risk (continued)

The Executive Steering Committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The committee's reports to the Company's board of directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risk arising from IBOR reform.

#### (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 2021.

#### (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 LIBOR using available quoted market rates for LIBOR-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 reate 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 2021 and 31 December 2021. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 28. RISK MANAGEMENT (continued)

### Interest rate risk (continued)

	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fall-back clause
<b>31 December 2021</b>		
<i>Financial liabilities</i>		
Unsecured borrowings	623,343	623,343
<i>Derivatives</i>		
Interest rate swaps*	(944)	(944)
<b>1 January 2021</b>		
<i>Financial liabilities</i>		
Unsecured borrowings	671,900	671,900
<i>Derivatives</i>		
Interest rate swaps*	8,300	8,300

\* The Group's exposure to dollar LIBOR designated in a hedging relationship is BD 248,160 thousand nominal amount at 31 December 2021 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 2027.

### 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
<b>2021</b>	+30%	(23)
	-30%	23
<b>2020</b>	+30%	(2)
	-30%	2

### 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 2021 and 31 December 2020 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.

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 28. RISK MANAGEMENT (continued)

### Foreign currency risk (continued)

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:

Financial	Currency	2021 BD'000	2020 BD'000
Bank balances	Euro	47,565	17,627
	Swiss Francs	33	25
Receivables	Euro	57,954	12,057
Loans and Borrowings	Euro	197,614	236,892
Payables	Euro	4,630	1,406
	Swiss Francs	42	361
	Great Britain Pounds	63	183

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.

Currency	2021		2020	
	Increase in currency rate to the BD	Effect on results for the year BD '000	Increase in currency rate to the BD	Effect on results for the year BD '000
Euro	+10%	(9,673)	+10%	(20,861)
Swiss Francs	+10%	(1)	+10%	(34)
Great Britain Pounds	+10%	(6)	+10%	(18)
		(9,680)		(20,913)

### 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

# Notes to the Consolidated Financial Statements

At 31 December 2021

## 28. RISK MANAGEMENT (continued)

### Operational risk (continued)

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 2021 and 31 December 2020. 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 2021

	Finance assets at amortised cost		Financial assets at fair value through profit or loss	
	2021 BD '000	2020 BD '000	2021 BD '000	2020 BD '000
<b>Financial assets</b>				
Cash at bank	93,246	44,367	-	-
Trade and other receivables	304,252	113,186	170	135
Derivative financial instruments	-	-	2,238	5
	<b>397,498</b>	<b>157,553</b>	<b>2,408</b>	<b>140</b>
	Financial liabilities at amortised cost		Financial liabilities at fair value	
	2021 BD '000	2020 BD '000	2021 BD '000	2020 BD '000
<b>Financial liabilities</b>				
Loans and Borrowings	954,889	1,062,682	-	-
Trade and other payables	184,453	208,470	-	-
Derivative financial instruments	-	-	1,373	8,300
	<b>1,139,342</b>	<b>1,271,152</b>	<b>1,373</b>	<b>8,300</b>

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



# Notes to the Consolidated Financial Statements

At 31 December 2021

## 29. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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 2021, 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 2021 and 31 December 2020, 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 2021 and 31 December 2020, 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 (2020: 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

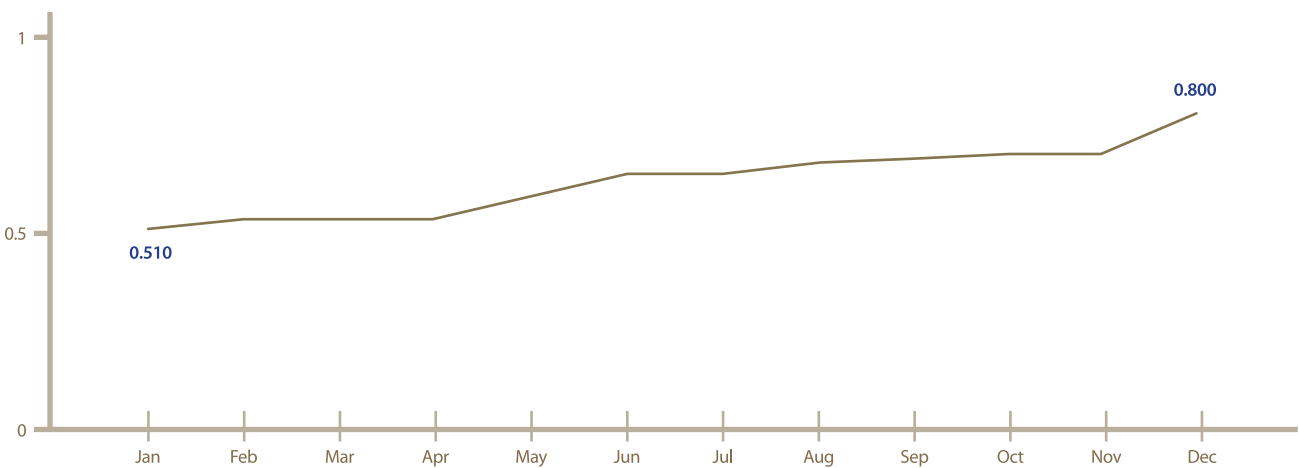
The corresponding's prior year figures have been regrouped, where necessary, in order to conform to current year's presentation. Such regroupings did not affect the previously reported net profit and comprehensive income for the year or total equity.

# Alba's Shareholder Structure

Alba is listed on both the Bahrain Bourse and London Stock Exchange, and the Company's shareholders are Bahrain Mumtalakat Holding Company (69.38%), SABIC Industrial Investment Company (20.62%) and the General Public (10%).



## Alba Share Price 2020 Performance (Fils)



## Investor Relations

Many would describe 2021 as anything but a normal year; but for Investor Relations team in Alba, 2021 challenged us to be dynamic that most years. That meant to accept the challenges and expand our ability to respond to them proactively. Aluminium Bahrain B.S.C. (Alba) continued its focused-dialogue with institutional/retail investors as well as financial analysts either through in-person meetings at Alba campus and/or through virtual means of communications. Investor Relations (IR) activities concentrated on individual one-on-one meetings as well as group one-on-one meetings which were hosted by the 3rd and 4th EFG Hermes Investor Conference in March 2021 & October 2021 (more than 60 virtual meetings with shareholders and investors). In addition, the annual and quarterly earnings were presented to the financial community via conference calls.

The IR team provides shareholders, investors and financial analysts (buy-side and sell-side) with a direct point of contact on +973 17835100 or via emails (IR@alba.com.bh and InvestorRelations@alba.com.bh) for any questions related to Alba, its share (ALBH) price, the Company's ESG performance and Industry Outlook.

- For information on Alba's Footprint (by product-line and geography), please go to the clientele section in 2021 AR
- For more information on Alba's Audited Financials, please visit the last section in 2021 AR
- For more information on Alba's ESG performance, please download 2020 Sustainability Report from Alba website. 2021 Sustainability Report is work in progress and will be published in Q4 2022.

Alba was a recipient of one award from the Middle East Investor Relations Association in 2021.

# alcoa

Aluminium  
for the world



## Vision

To be the number one aluminium supplier for the generations to come.



## Mission

Being a responsible corporate citizen, we want to create value for all our stakeholders and society.



## Values

**S**afe & Green  
**T**ogether  
**E**thics  
**E**xcellence  
**R**esilience



SCAN ME



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