

Aluminium Bahrain B.S.C.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2023 (REVIEWED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Aluminium Bahrain B.S.C. ("the Company") and its subsidiaries (together "the Group") as at 30 September 2023, comprising of the interim consolidated statement of financial position as at 30 September 2023 and the related interim consolidated statements of profit or loss and other comprehensive income for the three and nine-month periods then ended and the related interim consolidated statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. The Group's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2022 and the interim condensed consolidated financial statements for the nine-month period ended 30 September 2022 ("Consolidated Financial Statements") were audited and reviewed respectively by another auditor who expressed an unmodified audit opinion and review conclusion dated 2 February 2023 and 10 November 2022 respectively on those Consolidated Financial Statements.



Partner's Registration No. 115
8 November 2023
Manama, Kingdom of Bahrain

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		30 September 2023	31 December 2022
	<i>Note</i>	<i>(Reviewed)</i> BD '000	<i>(Audited)</i> BD '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,851,598	1,880,527
Trade and other receivables		2,912	3,013
Derivative financial instruments	4	14,715	18,095
Deferred tax assets		81	81
		1,869,306	1,901,716
Current assets			
Inventories		404,242	371,542
Trade and other receivables		246,967	243,189
Derivative financial instruments	4	6,328	7,120
Bank balances and cash		106,745	93,617
		764,282	715,468
TOTAL ASSETS		2,633,588	2,617,184
EQUITY AND LIABILITIES			
Equity			
Share capital		142,000	142,000
Treasury shares		(4,455)	(4,831)
Statutory reserve		71,000	71,000
Capital reserve		249	249
Cash flow hedge reserve		21,043	25,209
Retained earnings		1,543,249	1,588,831
TOTAL EQUITY		1,773,086	1,822,458
Non-current liabilities			
Loans and borrowings		495,468	505,098
Lease liabilities		4,657	4,752
Employees' end of service benefits		1,799	1,401
		501,924	511,251
Current liabilities			
Loans and borrowings		188,777	124,115
Lease liabilities		314	615
Trade and other payables		169,278	158,745
Derivative financial instruments	4	209	-
		358,578	283,475
TOTAL LIABILITIES		860,502	794,726
TOTAL EQUITY AND LIABILITIES		2,633,588	2,617,184


Khalid Al Rumalhi
Chairman


Isa Bin Khalid Bin Abdulla Al Khalifa
Director


Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2023 (Reviewed)

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023	2022	2023	2022
		BD '000	BD '000	BD '000	BD '000
Revenue from contracts with customers	6	399,969	403,204	1,156,934	1,378,526
Cost of revenue		(351,365)	(324,179)	(960,549)	(913,484)
GROSS PROFIT		48,604	79,025	196,385	465,042
Other income - net		2,021	2,429	5,086	3,084
Foreign exchange (loss) gain - net		(1,669)	3,880	(543)	13,021
General and administrative expenses		(8,861)	(9,296)	(30,767)	(28,310)
Selling and distribution expenses		(10,700)	(20,506)	(42,863)	(65,666)
Finance costs		(12,102)	(8,937)	(42,237)	(24,226)
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	4	-	-	10,060	14,410
Changes in fair value of derivatives financial instruments	4	(269)	412	(216)	(632)
PROFIT FOR THE PERIOD BEFORE TAX		17,024	47,007	94,905	376,723
Tax		264	974	(272)	-
PROFIT FOR THE PERIOD		17,288	47,981	94,633	376,723
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	8	12	34	67	266



Khalid Al Rumailji
Chairman



Isa Bin Khalid Bin Abdulla Al Khalifa
Director



Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.




Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2023 (Reviewed)

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023	2022	2023	2022
		BD '000	BD '000	BD '000	BD '000
PROFIT FOR THE PERIOD		17,288	47,981	94,633	376,723
OTHER COMPREHENSIVE INCOME					
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>					
Effective portion of changes in fair values of cash flow hedge	4	3,461	10,211	5,894	39,354
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		20,749	58,192	100,527	416,077


Khalid Al Rumaih
Chairman


Isa Bin Khalid Bin Abdulla Al Khalifa
Director


Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.



Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023 (Reviewed)

	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 1 January 2023		142,000	(4,831)	71,000	249	25,209	1,588,831	1,822,458
Profit for the period		-	-	-	-	-	94,633	94,633
Other comprehensive income for the period		-	-	-	-	5,894	-	5,894
Total comprehensive income for the period		-	-	-	-	5,894	94,633	100,527
Net movement in treasury shares		-	376	-	-	-	(65)	311
Final dividend for 2022 approved and paid	5	-	-	-	-	-	(121,345)	(121,345)
Interim dividend for 2023 approved and paid	5	-	-	-	-	-	(18,805)	(18,805)
Reclassification adjustment of realised gain on settlement of cash flow hedge to profit or loss for interest rate swap (IRS)	4 (ii)	-	-	-	-	(10,060)	-	(10,060)
Balance at 30 September 2023		142,000	(4,455)	71,000	249	21,043	1,543,249	1,773,086
		Share capital BD '000	Treasury Shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Cash flow hedge reserve BD '000	Retained earnings BD '000	Total equity BD '000
Balance at 1 January 2022		142,000	(3,742)	71,000	249	944	1,292,569	1,503,020
Profit for the period		-	-	-	-	-	376,723	376,723
Other comprehensive income for the period		-	-	-	-	39,354	-	39,354
Total comprehensive income for the period		-	-	-	-	39,354	376,723	416,077
Net movement in treasury shares		-	(1,541)	-	-	-	964	(577)
Final dividend for 2021 approved and paid	5	-	-	-	-	-	(75,316)	(75,316)
Interim dividend for 2022 approved and paid	5	-	-	-	-	-	(45,123)	(45,123)
Reclassification adjustment of realised gain on settlement of cash flow hedge to profit or loss for interest rate swap (IRS)	4 (ii)	-	-	-	-	(14,410)	-	(14,410)
Balance at 30 September 2022		142,000	(5,283)	71,000	249	25,888	1,549,817	1,783,671

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2023 (Reviewed)

	Note	Nine-month period ended 30 September	
		2023	2022
		BD '000	BD '000
OPERATING ACTIVITIES			
Profit for the period before tax		94,905	376,723
<i>Adjustments for:</i>			
Depreciation and amortisation		98,561	93,917
Provision for employees' end of service benefits		1,377	1,207
Allowance for expected credit losses		1,063	1,168
Loss on disposal of property, plant and equipment		256	379
Changes in fair value of derivative financial instruments		216	632
Interest income		(2,473)	(220)
Forex loss / (gain) on revaluation of loans and borrowings and bank balances - net		1,017	(24,183)
Realised gain on settlement of cash flow hedge for interest rate swap (IRS)	4	(10,060)	(14,410)
Finance costs		42,237	24,226
Operating profit before changes in working capital		227,099	459,439
Working capital changes:			
Inventories		(32,700)	(137,905)
Trade and other receivables		(4,804)	31,486
Trade and other payables		(1,863)	(36,911)
Net cash generated from operations		187,732	316,109
Employees' end of service benefits paid		(979)	(1,655)
Income tax paid		(272)	(791)
Net cash flows from operating activities		186,481	313,663
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(69,975)	(59,690)
Proceeds from disposal of property, plant and equipment		87	781
Interest received		2,537	220
Net cash flows used in investing activities		(67,351)	(58,689)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings		349,330	453,541
Repayment of loans and borrowings		(300,133)	(554,533)
Interest on loans and borrowings paid		(22,921)	(32,934)
Payment of lease liabilities		(397)	(596)
Dividends paid	5	(140,150)	(120,439)
Settlement of derivatives		10,060	14,410
Purchase of treasure shares		(6,255)	(8,759)
Proceeds from resale of treasury shares		6,566	8,183
Net cash flows used in financing activities		(103,900)	(241,127)
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,230	13,847
Cash and cash equivalents at 1 January		93,617	93,311
Effect of movement in exchange rates on bank balances and cash		(2,102)	(2,483)
Restricted cash (Deposit pledged against short term borrowings)		-	(29,210)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER		106,745	75,465

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the nine months ended 30 September 2023 (Reviewed)

	<i>Nine-month period ended 30 September</i>	
	2023	2022
	BD '000	BD '000
Cash and cash equivalents comprise:		
Bank balances	86,921	49,848
Short term deposits with original maturities of three months or less	19,755	54,768
Cash in hand	69	59
Bank balances and cash in interim consolidated statement of financial position	106,745	104,675
Restricted cash (Deposit pledged against short term borrowings)	-	(29,210)
	106,745	75,465

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

1 CORPORATE INFORMATION

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

Subsequent to the Initial Public Offering ("IPO") on 23 November 2010, the Company became a Bahrain Public Joint Stock Company with a dual listing on the Bahrain Bourse (primary listing) as well as the Global Depository Receipts on the London Stock Exchange - Alternative Investment Market ("AIM"). The Company has its registered office at Building 150, Road 94, Block 951, Askar, Kingdom of Bahrain.

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

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

The Group comprises the Company and the following subsidiaries:

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

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

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

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 8 November 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the nine months ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

New standards, interpretations and amendments adopted by the Group

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**Provisional pricing adjustments**

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

Seasonality of operations

The Group does not have significant income of seasonal nature.

Contingencies

The Group discloses its contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Group and the likely outcome of these litigations and claims as at 30 September 2023, there is no need to recognise any liability at the balance sheet date.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

4 DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2023 (Reviewed) BD '000	31 December 2022 (Audited) BD '000
<i>Classified in the interim consolidated statement of financial position:</i>		
- Positive fair values - assets non-current portion arising from IRS	(14,715)	(18,095)
- Positive fair values - assets current portion arising from IRS	(6,328)	(7,114)
- Positive fair values - assets current portion arising from commodity futures	-	(6)
	(6,328)	(7,120)
- Negative fair values - liabilities current portion arising from commodity futures	209	-
Net fair value of derivative financial instruments	(20,834)	(25,215)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2023	2022	2023	2022
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	BD '000	BD '000	BD '000	BD '000
<i>Recognised in interim consolidated statements of profit or loss and other comprehensive income:</i>				
<i>Changes in fair value of derivative financial instruments related to:</i>				
- Commodity futures (FVTPL) recognised in statement of profit or loss (note iii)	(269)	412	(216)	(632)
- Realised gain on settlement of IRS (note ii)	-	-	10,060	14,410
- Interest rate swap cash flow hedge (note i)	3,461	10,211	5,894	39,354

(i) This represent the difference between the Mark-to-Market (MTM) value of IRS as at 30 September 2023 and 31 December 2022.

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

(ii) Interest rate swaps settlement

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

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

The amortised notional amount outstanding as at 30 September 2023 was BD 167,572 thousand (31 December 2022: BD 232,180 thousand) over the term of the contract.

During the period ended 30 September 2023, certain interest rate swap contract designated as cash flow hedging instrument related to term loan facility has been settled and related cumulative fair value gain of BD 10,060 thousand, was reclassified to interim consolidated statement of profit or loss, from cash flow hedge reserve.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)**(ii) Interest rate swaps settlement (continued)**

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

(iii) Commodity futures

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

The Group entered into commodity futures contracts to reduce the price risk on behalf of its customers for 22,890 metric tonnes (31 December 2022: 8,500 metric tonnes) and these mature between one to six months from the period ended 30 September 2023.

In December 2022 Alba entered into derivative transactions as a partial hedge (for a very small percentage of production) against LME price movements. For the current year, these are being measured at fair value, i.e. not applying hedge accounting. Therefore changes therein are recognised in the interim consolidated statement of profit or loss. Commodity future contracts were entered into for 32,500 metric tonnes out of which 11,500 metric tonnes were outstanding as at 30 September 2023 (31 December 2022: 7,500 metric tonnes) and these mature between one to six months from the period ended 30 September 2023.

5 DIVIDEND

At the Annual General Meeting held on 26 February 2023, the Company's shareholders approved the final dividend of BD 0.0857 per share, excluding treasury shares, totaling to BD 121,345,267 for the year ended 31 December 2022 which has been fully paid as of 30 September 2023 (31 December 2022: final dividend of BD 0.05314 per share, excluding treasury shares, totaling BD 75,316,440 for the year ended 31 December 2021 and interim dividend of BD 0.03188 per share, excluding treasury shares, totaling BD 45,122,697 for the year ended 31 December 2022 approved and paid during the year).

The Board of Directors of Aluminium Bahrain B.S.C. at the meeting held on 9 August 2023 approved to pay an interim dividend of BD 0.01328 per share excluding treasury shares amounting to BD 18,801,617. Based on the outstanding shares at the 'Record Date' of 17 August 2023, a total of BD 18,805,356 has been paid as on 30 September 2023.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<i>Three month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	BD '000	<i>BD '000</i>	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
a) Type of goods				
Sale of aluminium	401,211	408,816	1,158,283	1,381,925
Sale of alumina	3,963	-	3,963	-
Pricing adjustments	(5,205)	(5,612)	(5,312)	(3,399)
	399,969	403,204	1,156,934	1,378,526

Aluminium Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

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

	<i>Three month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	BD '000	<i>BD '000</i>	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
b) Geographical markets				
Kingdom of Bahrain	93,850	95,206	276,864	326,997
Europe	100,800	97,213	277,232	295,241
Rest of the Middle East and North Africa	67,397	63,677	258,607	271,502
Asia	63,239	37,699	151,692	211,249
Americas	74,683	109,409	192,539	273,537
	399,969	403,204	1,156,934	1,378,526

c) Customer concentration

Revenue from sale of aluminium to the three major customers of the Group amounted to BD 281,693 thousands with one of the customer individually accounting for more than 10% of the total revenue from contracts with customers for the nine month period ended 30 September 2023 (the three major customers amounted to BD 435,594 thousand with two of the customer individually accounting for more than 10% of the total revenue from contracts with customers for the nine month period ended 30 September 2022).

7 SEGMENT INFORMATION

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

8 EARNINGS PER SHARE

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

	<i>Three month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
Profit for the period (BD '000)	17,288	47,981	94,633	376,723
Weighted average number of shares net of treasury shares - thousands of shares	1,415,875	1,415,397	1,415,743	1,416,249
Basic and diluted earnings per share (fils)	12	34	67	266

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

9 COMMITMENTS AND CONTINGENCIES**a) Commitments**

	30 September 2023 (Reviewed) BD '000	31 December 2022 (Audited) BD '000
<i>Physical metal commitments</i>		
Sales commitments :		
9,825 metric tonnes (31 December 2022: 4,250 metric tonnes)	8,142	3,821

Raw material supply agreements

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

Capital expenditure

Estimated capital expenditure contracted for at the reporting date amounted to BD 100,969 thousand (31 December 2022: BD 115,823 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

b) Contingencies

- i) The Group is party to ongoing labour claims and disputes. Based on the advice of the Company's external legal counsel, the management is of the opinion that the Company has strong grounds to successfully defend itself against these claims. The total amount of claims ascertained against the Company amounting to BD 76 thousand (31 December 2022: BD 98 thousand). The Management believes that there is no provision required against these claims.
- ii) Under an employee scheme, the Group has issued guarantees to financial institutions in the Kingdom of Bahrain in relation to the mortgage loans of its employees to the extent of their cumulative balance in the employee scheme. The total value of these letters of guarantee is BD 15,159 thousand (31 December 2022: BD 16,346 thousand).
- iii) At 30 September 2023, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 19,472 thousand (31 December 2022: BD 12,921 thousand) from which it is anticipated that no material liabilities will arise.

10 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Transactions with related parties**

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	BD '000	<i>BD '000</i>	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
Other related parties				
<i>Revenue and other income</i>				
Sale of aluminium	23,021	20,301	61,257	99,580
Sale of water	354	293	858	813
Interest income	-	-	204	-
Realised gain on settlement of cash flow hedge	-	-	10,060	14,410
	23,375	20,594	72,379	114,803

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	BD '000	<i>BD '000</i>	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
Other related parties				
<i>Cost of revenue and expenses</i>				
Purchase of natural gas and diesel	69,575	67,619	192,349	187,905
Purchase of metal scrap	-	-	7,887	8,978
Net power exchange import / (export)	(2,610)	(2,008)	3,919	3,804
Interest on loans and borrowings	386	518	2,010	1,303
Amortisation of deferred cost on IRS	361	-	3,760	-
Others	456	217	1,260	583
	68,168	66,346	211,185	202,573

Balances with related parties

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

	30 September	<i>31 December</i>
	2023	<i>2022</i>
	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Audited)</i>
Other related parties		
Assets		
Trade receivables	5,454	6,396
Other receivables - net of allowance for expected credit loss of BD 6,068 thousand (31 December 2022: BD 6,797 thousand)	3,494	3,473
Bank balances	693	1,104
Derivative financial instruments - interest rate swap	21,043	25,209
	30,684	36,182

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**Balances with related parties (continued)**

	30 September	31 December
	2023	2022
	BD '000	BD '000
	(Reviewed)	(Audited)
Liabilities		
Trade payables	25,085	21,231
Loans and borrowings	36,269	38,045
Interest payable on loans and borrowings	1,175	426
	62,529	59,702

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

Compensation of key management personnel

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2023	<i>2022</i>	2023	<i>2022</i>
	BD '000	<i>BD '000</i>	BD '000	<i>BD '000</i>
	(Reviewed)	<i>(Reviewed)</i>	(Reviewed)	<i>(Reviewed)</i>
Short term benefits	585	225	1,860	1,294
End of service benefits	30	36	86	106
Contributions to Alba Savings Benefit Scheme	31	23	79	69
SIO Contribution (ALBA share)	11	8	29	23
	657	292	2,054	1,492

11 FAIR VALUE MEASUREMENT

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

Fair value of financial instruments

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

11 FAIR VALUE MEASUREMENT (continued)

Fair value of financial instruments (continued)

As at 30 September 2023 and as at 31 December 2022, the Group's derivative financial instruments, related to interest rate swaps and commodity and trade receivables (subject to provisional pricing) are measured at fair value and categorised as Level 2 as per the hierarchy. The Group does not have any financial instruments categorised as Level 1 or Level 3.

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

During the period ended 30 September 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

12 COMPARATIVES

Certain corresponding figures have been reclassified in order to conform to the presentation for the current period. Such reclassification do not affect previously reported profit or the Group's equity.