

Aluminium Bahrain B.S.C.

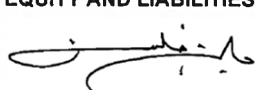
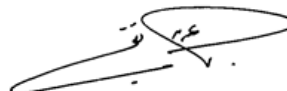

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

31 MARCH 2021 (REVIEWED)

Aluminium Bahrain B.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2021 (Reviewed)

	Note	31 March 2021 Reviewed BD '000	31 December 2020 Audited BD '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,938,540	1,950,584
Deferred tax assets		64	64
		<u>1,938,604</u>	<u>1,950,648</u>
Current assets			
Inventories		263,602	239,505
Trade and other receivables		164,301	119,105
Derivative financial instruments	4	625	-
Bank balances and cash		68,366	44,438
		<u>496,894</u>	<u>403,048</u>
TOTAL ASSETS		<u>2,435,498</u>	<u>2,353,696</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		142,000	142,000
Treasury shares		(3,216)	(2,589)
Statutory reserve		71,000	71,000
Capital reserve		249	249
Cash flow hedge reserve		(2,041)	(8,300)
Retained earnings		929,544	877,193
Total equity		<u>1,137,536</u>	<u>1,079,553</u>
Non-current liabilities			
Loans and borrowings		793,681	800,745
Lease liabilities		5,298	5,561
Employees' end of service benefits		1,859	1,619
Derivative financial instruments	4	2,521	5,680
		<u>803,359</u>	<u>813,605</u>
Current liabilities			
Loans and borrowings		267,278	223,389
Lease liabilities		993	993
Trade and other payables	6	226,332	233,541
Derivative financial instruments	4	-	2,615
		<u>494,603</u>	<u>460,538</u>
Total liabilities		<u>1,297,962</u>	<u>1,274,143</u>
TOTAL EQUITY AND LIABILITIES		<u>2,435,498</u>	<u>2,353,696</u>
			
Daj Bin Salman Bin Daj Al Khalifa Chairman	Yousif Taqi Director	Ali Al Baqali Chief Executive Officer	

The attached notes 1 to 11 form part of this condensed consolidated interim financial information.

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Aluminium Bahrain B.S.C.

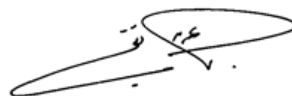
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2021 (Reviewed)

	Note	Three months ended	
		31 March 2021 BD '000	31 March 2020 BD '000
Revenue	7	302,707	275,931
Cost of sales		(222,224)	(242,379)
GROSS PROFIT		80,483	33,552
Other income - net		689	1,361
Gain on foreign exchange		3,432	5,128
General and administrative expenses		(12,803)	(10,973)
Selling and distribution expenses		(8,329)	(7,448)
Impairment loss on trade and other receivables		(2,451)	(667)
Finance costs		(8,847)	(12,245)
Changes in fair value of derivative financial instruments	4	140	(2,953)
PROFIT FOR THE PERIOD BEFORE TAX		52,314	5,755
Tax		(131)	(3)
PROFIT FOR THE PERIOD		52,183	5,752
Basic and diluted earnings per share (fils)	3	37	4



Daij Bin Salman Bin Daij Al Khalifa
Chairman



Yousif Taqi
Director



Ali Al Baqali
Chief Executive Officer


The attached notes 1 to 11 form part of this condensed consolidated interim financial information.

Aluminium Bahrain B.S.C.

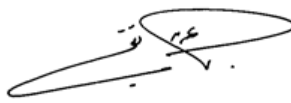
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021 (Reviewed)

	Note	Three months ended	
		31 March 2021 BD '000	31 March 2020 BD '000
PROFIT FOR THE PERIOD		52,183	5,752
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedge	4	6,259	(7,358)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		58,442	(1,606)



Daj Bin Salman Bin Daj Al Khalifa
Chairman



Yousif Taqi
Director



Ali Al Baqali
Chief Executive Officer

The attached notes 1 to 11 form part of this condensed consolidated interim financial information.

Aluminium Bahrain B.S.C.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021 (Reviewed)

	Share capital BD '000	Treasury shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Cash flow hedge reserve BD '000	Retained earnings BD '000	Total BD '000
Balance at 1 January 2021	142,000	(2,589)	71,000	249	(8,300)	877,193	1,079,553
Profit for the period	-	-	-	-	-	52,183	52,183
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	6,259	-	6,259
Total comprehensive income for the period	-	-	-	-	6,259	52,183	58,442
Net movement in treasury shares	-	(627)	-	-	-	168	(459)
Balance at 31 March 2021	142,000	(3,216)	71,000	249	(2,041)	929,544	1,137,536
Balance at 1 January 2020	142,000	(3,994)	71,000	249	-	869,316	1,078,571
Profit for the period	-	-	-	-	-	5,752	5,752
Other comprehensive income:							
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	(7,358)	-	(7,358)
Total comprehensive loss for the period	-	-	-	-	(7,358)	5,752	(1,606)
Net movement in treasury shares	-	408	-	-	-	(271)	137
Final dividend for 2019 paid (Note 9)	-	-	-	-	-	(1,316)	(1,316)
Balance at 31 March 2020	142,000	(3,586)	71,000	249	(7,358)	873,481	1,075,786

The attached notes 1 to 11 form part of this condensed consolidated interim financial information.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2021 (Reviewed)

	Note	Three months ended	
		31 March 2021 BD '000	31 March 2020 BD '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before tax		52,314	5,755
<i>Adjustments for:</i>			
Depreciation and amortisation		29,394	29,138
Provision for employees' end of service benefits		442	392
(Reversal) of / provision for slow moving inventories		(22)	25
Provision for impairment of trade receivables		2,451	667
Loss on disposal of property, plant and equipment		51	12
Changes in fair value of derivative financial instruments		(140)	2,953
Interest income		(68)	(394)
Forex gain on revaluation of loans and borrowings and bank balances		(3,884)	(4,824)
Finance costs		8,847	12,245
Operating profit before working capital changes		89,385	45,969
Working capital changes:			
Inventories		(24,075)	(10,639)
Trade and other receivables		(47,647)	9,813
Trade and other payables		(10,546)	(19,202)
Cash generated from operations		7,117	25,941
Employees' end of service benefits paid		(202)	(482)
Income tax paid		(131)	(3)
Net cash flows generated from operating activities		6,784	25,456
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(18,760)	(37,689)
Proceeds from disposal of property, plant and equipment		41	12
Interest received		68	394
Net cash flows used in investing activities		(18,651)	(37,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings availed		195,256	165,629
Borrowings repaid		(155,721)	(149,885)
Interest on loans and borrowings		(3,022)	(3,353)
Leases liabilities paid		(317)	(248)
Settlement of derivatives		-	(7,003)
Dividends paid	9	-	(1,316)
Purchase of treasury shares		(1,564)	(1,567)
Proceeds from resale of treasury shares		1,105	1,704
Net cash flows generated from financing activities		35,737	3,961
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		23,870	(7,866)
Bank balances and cash at 1 January		44,438	81,329
Effect of movement in exchange rates on bank balances and cash		58	367
CASH AND CASH EQUIVALENTS AT 31 MARCH		68,366	73,830

The attached notes 1 to 11 form part of this condensed consolidated interim financial information.

Aluminium Bahrain B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

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, which holds 69.38% of the Company's share capital.

The Company is engaged in the manufacture 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 of the Company and the following subsidiaries:

<i>Name</i>	<i>Effective ownership</i>		<i>Country of incorporation</i>	<i>Principal activity</i>
	<i>2021</i>	<i>2020</i>		
Aluminium Bahrain US, Inc.	100%	100%	United States of America (USA)	Selling and distribution of aluminium throughout the South and North America
ALBA Club S.P.C.	100%	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 Group also has representative sales branch offices in Zurich, Switzerland, Hong Kong and Singapore.

The condensed consolidated interim financial information was authorised for issue in accordance with a resolution of the Directors on 03 May 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The condensed consolidated interim financial information of the Group for the three-month period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting".

The condensed consolidated interim financial information does not contain 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 as at 31 December 2020. In addition, the results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

Aluminium Bahrain B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) New and amended standards and interpretations

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

Except for the change disclosed in note 2(c), no other amendments to existing standards and framework are effective from 01 January 2021.

c) Change in accounting policy

The Group has initially adopted interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16) from 01 January 2021. This change in accounting policy is also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2021.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 01 January 2021 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in OCI that existed at 01 January 2021. The details of accounting policies and related disclosures about risks and hedge accounting are set out in note 4.

d) Seasonability

The Group does not have significant income of seasonal nature.

e) Judgements and estimates

The preparation of the Group's condensed consolidated interim financial statements requires Board of Director's to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, the disclosure of contingent liabilities, revenue and expense at the reporting date. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2020 for changes in key assumption relating to impairment of property, plant and equipment as described below.

Impairment of property, plant and equipment

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 March 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 March 2021 increased from 7.7% to 8.5% to reflect the change in overall market based inputs as at the reporting date including higher risk free rates, cost of funds and use of industry long term leverage ratios. Other key assumptions that impact the forecast include the future London Metal Exchange (LME) cash settlement prices and premium rates for aluminium and market alumina index which were updated using the most recent forecasts from various market sources.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Judgements and estimates (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 255 basis point (31 December 2020: 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 2.32% (31 December 2020: 1.28%) (with all other variables remain unchanged) throughout the forecast period, a reduction in LME price by USD 156/MT (31 December 2020: USD 85/MT) (with all other variables remain unchanged) and reduction in premium by USD 93/MT (31 December 2020: USD 50/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.

f) 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.

g) 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.

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 condensed consolidated interim financial information 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:

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Fair value measurement (continued)

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

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

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

h) 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 recognized at the balance sheet date. However, based on the best judgment of the Company and the likely outcome of these litigations and claims as on 31 March 2021, there is no need to recognize any liability at the balance sheet date.

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Aluminium Bahrain B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

3 EARNINGS PER SHARE

	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
Profit for the period - BD '000	52,183	5,752
Weighted average number of shares outstanding - thousands of shares	1,414,597	1,413,929
Basic and diluted earnings per share – fils	37	4

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 condensed consolidated interim financial information

4 DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2021 Reviewed BD '000	31 December 2020 Audited BD '000
<i>Classified in the condensed consolidated interim financial position:</i>		
Negative fair values - liabilities arising from interest rate swap (IRS)		
Non-current portion	2,521	5,680
Current portion	-	2,620
	2,521	8,300
Positive fair values - assets current portion arising from IRS	(480)	-
Positive fair values - assets current portion arising from commodity futures	(145)	(5)
	(625)	(5)
Total	1,896	8,295
	<i>Three months ended</i>	
	<i>31 March</i>	
	2021	2020
	BD '000	BD '000

Recognised in condensed consolidated interim statements of profit or loss
and comprehensive income

Changes in fair value of derivative financial instruments related to

- Interest rate swap (FVTPL) recognised in profit or loss	-	2,884
- Commodity futures (FVTPL) recognised in profit or loss	140	69
	140	2,953
- Interest rate swap (FVTPL) recognised in other comprehensive income*	6,259	(7,358)

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

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

For the three months ended 31 March 2021 (Reviewed)

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Interest rate swaps

On 03 March 2020, the Group entered into amortised interest rate swap transaction with National Bank of Bahrain B.S.C., to hedge dollar 6 months LIBOR cash flows attributable to the borrowings availed for financing the line 6 project for the notional amount BD 265,080 thousand out of total principal amount of BD 530,160 thousand as on 31 March 2021. Derivative contract expires on 29 October 2027.

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 condensed consolidated interim 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 03 March 2020 and related fair value gains or losses were recognised in the condensed consolidated interim statement of profit or loss.

The notional amount outstanding as at 31 March 2021 was BD 265,080 thousand (31 December 2020: BD 265,080 thousand) with fixed rate leg of 1.2125% over the term of the contract.

Updating the rates in their contracts and the details of their hedging relationship:

(i) Overview

The amendments made to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

(a) Change in basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate (EIR) of the financial asset or financial liability.

(b) Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.

- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated sub-groups based on the benchmark rates being hedged.

- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

For the three months ended 31 March 2021 (Reviewed)

4 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(ii) Disclosure and Transition:

The Group will disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities in its annual financial statements for the year ended 31 December 2021.

The Group is yet to apply the amendments relating to IBOR reforms effective from 1 January 2021. The application of the amendment will not impact the amounts reported for 2020 or prior periods.

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 condensed consolidated interim statement of profit or loss.

The Group entered into commodity futures contracts to reduce the price risk on behalf of its customers for 3,050 metric tonnes (31 December 2020: 3,000 metric tonnes) and these mature between one to six months from the reporting date.

5 FINANCIAL INSTRUMENTS

Fair values

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.

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.

As at 31 March 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 period ended 31 March 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.

6 TRADE AND OTHER PAYABLES

As at 31 March 2021, trade payables include balance of BD 55,454 thousand (31 December 2020: BD 50,431) subject to supplier factoring arrangement.

The Group has 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 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 35,858 thousand (2020: BD 17,552 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

6 TRADE AND OTHER PAYABLES (continued)

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 March 2021 and 31 December 2020.

7 OPERATING SEGMENT INFORMATION

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

a) Product

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

	Three months ended 31 March	
	2021 BD '000	2020 BD '000
Sale of aluminium	294,411	271,658
Sale of alumina	7,875	3,273
Sale of calcined coke	3	1,466
Revenue from contracts with customers	302,289	276,397
Pricing adjustments*	418	(466)
Total revenue	302,707	275,931

*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 is as follows:

	Three months ended 31 March	
	2021 BD '000	2020 BD '000
Kingdom of Bahrain	76,858	55,765
Europe	70,468	70,566
Rest of the Middle East and North Africa	50,683	47,695
Asia	60,614	73,351
Americas	44,084	28,554
Total revenue from contracts with customers	302,707	275,931

The revenue information above is based on the location of the customers.

c) Customers

Revenue from sale of aluminium to the three major customers of the Group amounted to BD 98,262 thousands with two of the customers individually accounting for more than 10% of the total revenue from contracts with customers for the three month period ended 31 March 2021 (the three major customers amounted to BD 130,497 thousand with each accounting for more than 10% of the total revenue from contracts with customers for the three month period ended 31 March 2020).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

8 COMMITMENTS AND CONTINGENCIES

	31 March 2021 Reviewed BD '000	31 December 2020 Audited BD '000
a) Commitments		
<i>Physical metal commitments</i>		
Sales commitments :		
3,050 metric tonnes (31 December 2020: 3,000 metric tonnes)	<u>2,375</u>	<u>2,248</u>

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

As of 31 March 2021, the Group had commitments amounting to BD 42,217 thousand relating to the capital expenditure contracted for at the reporting date (31 December 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 March 2021, the Group had outstanding letters of credit to counterparties of BD 38,049 thousand (31 December 2020: 51,233 thousand).

b) Contingencies

(i) The Company is party to ongoing labor 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 against the Company amounting to BD 44 thousand as on 31 March 2021 (31 December 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 19,066 thousand as on 31 March 2021 (31 December 2020: BD 19,459 thousand).

At 31 March 2021, the Group had contingent liabilities in respect of the bank guarantees amounting to BD 19,231 thousand (31 December 2020: BD 19,875 thousand) from which is anticipated that no material liabilities will arise.

9 DIVIDEND

For the year 2020, the Board of Directors in their meeting dated 10 February 2021 have not proposed dividend to the shareholders considering the restrictive debt covenants clause.

At the Annual General Meeting held on 8 March 2020, the Company's shareholders approved the Board of Directors' proposal to pay a final dividend of BD 0.001 per share (excluding treasury shares) totaling BD 1,318 thousand relating to the year 2019, out of which BD 1,316 thousand has been paid as of 31 March 2020.

10 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.

Aluminium Bahrain B.S.C.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

10 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 condensed consolidated interim statement of profit or loss are as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>BD '000</i>	<i>BD '000</i>
Other related parties		
Revenue and other income		
Sale of metal	24,440	6,848
Sale of water	419	387
Interest on receivable	149	316
	<u>25,008</u>	<u>7,551</u>
Cost of sales and expenses		
Purchase of natural gas and diesel	55,537	53,490
Interest on loans and borrowings	483	65
Others	78	387
	<u>56,098</u>	<u>53,942</u>

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

	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>Reviewed</i>	<i>Audited</i>
	<i>BD '000</i>	<i>BD '000</i>
Other related parties		
Assets		
Trade receivables - net of impairment of BD 8,879 (2020: BD 6,475 thousand)	7,080	5,110
Bank balances	1,153	1,065
Other receivable	710	812
	<u>8,943</u>	<u>6,987</u>
Liabilities		
Trade payables	49,816	47,388
Loans and Borrowings	58,318	65,001
Interest payable on loans and borrowings	805	346
	<u>108,939</u>	<u>112,735</u>

Outstanding balances at year-end arise in the normal course of business are interest free, unsecured and payable on demand. However, the Group charged interest at an agreed rate on an overdue receivable amount from a related party as of 31 March 2021 (31 December 2020: same terms). For the period ended 31 March 2021, the Group recorded a specific impairment of BD 2,405 thousand on amounts due from related parties, based on the management best expectation (31 March 2020: BD 767 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION

For the three months ended 31 March 2021 (Reviewed)

10 RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	Three months ended	
	31 March	
	2021	2020
	BD '000	BD '000
Short term benefits	517	419
End of service benefits	10	10
Contributions to Alba Savings Benefit Scheme	24	30
	551	459

11 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 period or total equity.

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