Aluminium
for the world

LINE 6

Tomorrow will
be different than
Today

Annual Report **2017**

His Royal Highness
Prince Khalifa
bin Salman Al Khalifa

The Prime Minister
of the Kingdom of Bahrain

His Majesty
King Hamad
bin Isa Al Khalifa

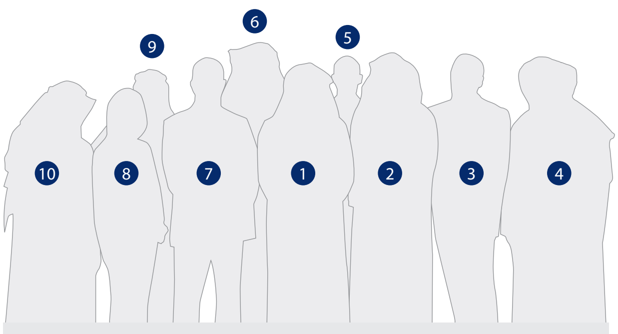
The King
of the Kingdom of Bahrain

His Royal Highness
Prince Salman
bin Hamad Al Khalifa

The Crown Prince
First Deputy Prime Minister
& Deputy Supreme Commander

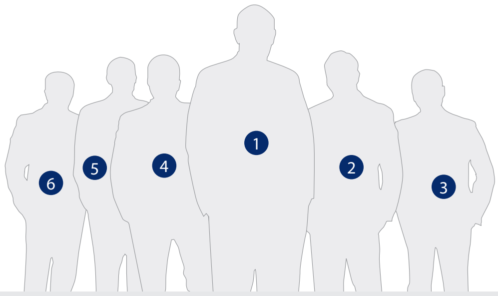

CONTENTS

BOARD OF DIRECTORS



1. **Shaikh Daij bin Salman bin Daij Al Khalifa**
   Chairman
2. **Uwaidh K. Al-Harethi**
   Director
3. **Yaser Humaidan**
   Director
4. **Ahmed Al Jabr**
   Director
5. **Osama M. Al Arrayedh**
   Director
6. **Mutlaq H. Al Morished**
   Director
7. **Dr. Mohamed Kameshki**
   Director
8. **Suha Karzoon**
   Director
9. **Yousif A. Taqi**
   Director
10. **Ali Al Shamrani**
    Director

EXECUTIVE MANAGEMENT



1. **Tim Murray**
   Chief Executive Officer
2. **Ali Al Baqali**
   Deputy Chief Executive Officer & Chief Supply Chain Officer
3. **Amin Sultan**
   Chief Power Officer
4. **Khalid A. Latif**
   Chief Marketing Officer
5. **Waleed Tamimi**
   Chief Administration Officer
6. **Hassan Noor**
   Acting Chief Operations Officer

TO OUR
SHAREHOLDERS

> We conquered from within the challenges, we bounced back safe and we finished 2017 stronger.

I am pleased to report that Alba succeeded in demonstrating resilience against all odds and managed to achieve the highest production record of 981,016 metric tonnes per annum (mtpa) in 2017.

There is no doubt that Alba paid a hefty price with the Line 5 crisis; however, we look back at this incident as an opportunity to strengthen our business and a learning curve for the Line 6 Expansion Project. I can confidently say that despite these challenges, we have emerged stronger today than ever before.

Financial Highlight/Summary
(Year-ended 31 December 2017)

2017 was a year of change in Alba as the Company had an exceptional finish in terms of productivity, top-line and higher margins.

Our resilience coupled with our focus on operational discipline has allowed us to propose BD 36.8 million (US$ 97.9 million) as dividend for 2017 – equivalent to 26 fils per share. The dividend will be paid from March 21, 2018 to Alba's shareholders of record date March 07, 2018.

Line 6 Expansion Project – From a Blueprint to Reality

The Line 6 Expansion Project, Alba's game-changer, will change the landscape of the Kingdom of Bahrain. I am delighted to say that the Project - both Smelter and Power Expansion - has been performing exceptionally well, the advancing works have been very encouraging and the construction phase is on schedule. We are also very pleased that the site-works contracts have been awarded to local Bahraini companies, which will bring significant growth opportunities for the Kingdom's local businesses and economy. We have invested a lot to

Highlights

Expansion
Line 6 Project

Objectives
A reality which will transform Alba into being the largest smelter in the world upon its completion

Improvement
Yearly Targets

Objectives
Every year, we strive to stretch our targets through continuous improvement initiatives.

ensure that the Line 6 Expansion Project operates more efficiently, thus creating long-term shareholder value. This Project is transformational on many fronts as it will raise the bar for sustainability in the global aluminium industry by using cutting-edge technology, both for Potline 6 and the Power Expansion Project.

Securing almost ¾ of Line 6 Expansion Project financing, the syndicated loan facility as well as the Export Credit Agency-covered facilities for Power Station 5 and Power Distribution System, underscores Alba's strong business fundamentals and the confidence the financial markets have placed in Alba and our Project.

Looking ahead, we remain focused to progress with Line 6 Expansion Project and I am confident that we will deliver the First Hot Metal by 01 January 2019 to become the world's largest aluminium smelter.

Safety – Rooted in our Operations

Safety will always be on top of our mind in everything we do and will continue to remain an integral part of our operations. Our Safety performance has been consistently improving and 2017 was no exception. We continue to maintain the highest Safety standards at the workplace for our employees and contractors alike, thus ensuring a strong Safety culture.

The Year-Ahead

Alba's journey from the first primary aluminium smelter in Bahrain, in the Arabian Peninsula, to one of the largest smelters in the world has been an interesting one. As you can see, our exemplary performance speak for itself. Our strategy is strong as we see strong fundamentals in the aluminium industry and by seeking to always go beyond our limits, Alba will be transformed to become the largest smelter in the world upon the completion of Line 6 Expansion Project. I am very confident we will accomplish what we have set-out to do, while at the same time, remain committed to the highest standards of governance, ethics and fairness to the interests of all our stakeholders.

I take this opportunity to express my sincere thanks and gratitude to the wise Leadership and Government of the Kingdom of Bahrain for their valuable guidance and generous support. I remain grateful to my fellow Board of Directors for their dynamic leadership in supporting Alba in our long-term success.

I, also, express my sincere appreciation to Alba's Management Team for working tirelessly to transform challenges into successes as well as their commitment towards developing Alba from within. I look forward to continuing this journey together in 2018, and most importantly, I applaud our committed employees for constantly raising the bar and for making Alba what it is today.

Our future success rests on our ability to keep moving forward. We are here today to make things happen tomorrow.

With Warm Regards,

Daij bin Salman bin Daij Al Khalifa
Chairman of the Board
Aluminium Bahrain B.S.C.

CEO MESSAGE

Resilience was key to our success in 2017. We experienced tough times, we felt, we hurt but we kept going and chose to recover fast and safe.

TOMORROW will be different than TODAY

2017 was one of Alba's most challenging years but also one of our most successful ones. In 2017, Alba learned the Power of Resilience during the Line 5 Recovery. Safety continues to be our number One priority and there were numerous activities throughout the year to ensure our employees' well-being.

2017 was marked by many highlights: There was again significant volatility with rising LME prices starting around US$ 1,700 per metric tonnes (mt) at the beginning of the year and ultimately exceeding US$ 2,200 per mt towards the end of 2017 on the back of a weaker US$ currency and Chinese winter production cutbacks. Alba faced one of the most painful events in our history with the Power Outage in April that resulted in the partial shutdown of Line 5 operations. However, through Alignment, Direct Communication and most of all Teamwork, Alba was able to restore Line 5 in record time and has set a new industry benchmark for speed for potline recovery. Despite the Line 5 challenges, Alba had an exceptional finish to the year with production of 981,016 mt which was approximately 10,000 mt more than 2016 production volume.

I believe that resilience was the key to our success in the past year and I would like to thank all the workers involved in restoring Line 5 operations both safely and quickly. As we look forward to 2018 we will continue to focus on all aspects of Safety as we prepare for the rise of Line 6 which will make Alba the largest smelter in the world.

Financial Performance at a Glance

Alba had another successful year and has finished 2017 strong. Our sound financial performance reflected the Company's resilience in setting the benchmark on Line 5 recovery and was driven by our ongoing focus on cost reduction across our operations coupled with an appreciation of 23% Year-over-Year (YoY) in LME prices.

Highlights

Expansion
Line 6 Project

Objectives
With Line 6 Expansion Project on schedule, we remain confident to achieve our target of First Hot Metal on 01 January 2019 and become the world's largest smelter upon completion of the Project.

Improvement
Yearly Targets

Objectives
Cost saving is not just about reducing the cost-base, it is more about ensuring a sustainable future and creating value for our employees and stakeholders alike.

Underlying Sales totalled BD 857.8 million (US$ 2.3 billion) - up by 28% YoY while EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) increased by 33% YoY to reach BD 162.8 million (US$ 433 million).

Reflection on 2017 Expectations

Safety Tomorrowland: Alba had a successful year in terms of Safety due to the collective commitment of Alba employees and contractors towards a Zero-Accident work environment. With the commencement of Line 6 construction activities, we have taken proactive steps to ensure that Safety is a top priority at all times. We are proud of the Line 6 Expansion Project teams for achieving 5 million work-hours without LTI at Line 6 smelter and 3 million work-hours without LTI at Power Expansion Project.

Not a day goes by without focusing on workers' Safety. This approach is evidenced by the numerous awards Alba was recognised for in 2017. These include recognition from leading international health and Safety institutions through various awards namely 2017 Occupational Excellence Achievement Award and the 2017 Significant Improvement Award by the National Safety Council (NSC) – USA; Gold Award for Occupational Health and Safety 2017 by the Royal Society for the Prevention of Accidents (RoSPA), UK and the International Safety Award for 2017 by the British Safety Council, UK.

Line 6 Transformation: Line 6 Expansion Project was in full swing – Line 6 Smelter finished 2017 with 40% overall progress, Power Station 5 by more than 45% and Power Distribution System by 65%.

We are very excited with the solid progress of the Line 6 Expansion Project as our landmark project has started to take shape with the construction and site-works commencing in mid-2017.

We look forward to the on-schedule completion of the Project, which upon completion will make Alba the largest aluminium smelter in the world with 1.5 million mtpa.

Titan DNA: We continue to focus on synergies and cost optimization to improve our bottom-line. In 2017, we saw the benefit of higher LME prices; however, history has proved to us that prices can drop just as fast as they can rise. In a commodity business such as ours, we must manage our cost-base efficiently, which we did through Phase II of Project Titan. We did fall short of our aggressive targets on Titan - Phase II as a result of the Line 5 situation. We had originally targeted savings of US$ 100 per metric tonnes (mt) by the end of 2017 but ultimately achieved US$ 79 mt per mt on a normalized basis excluding the impact of the Line 5 recovery and we are looking forward to the launch of Titan - Phase III in 2018.

Do Your Job A+: Our aim is not just to accomplish our targets but to achieve excellence and beyond. Given 2017 challenges, I am proud that our employees did more than necessary and pushed themselves beyond their limit to get back on feet and maintain our position as one of the leading aluminium smelters. The drive associated with the A+ mentality was epitomized in the success of the Line 5 recovery.

These results are a reflection of what we are capable of and have made us more confident about our future; we believe that we can repeat the same success in 2018. We have set our path for the year ahead and hinged it on four main expectations.

Safety Selfie: Through this initiative, we want each person to reflect on the importance of Safety. We want people to look at themselves in the mirror and ask "What can I do to improve Safety today?" We believe through this process of self-reflection, we can raise awareness and take the ownership of Safety to the next level.

CEO MESSAGE

Each of us have the ability to influence one another and by becoming more self-aware about Safety, we can achieve our ultimate objective of ZERO injuries.

Road to Resilience: While we never expected the Line 5 crisis to happen, it presented us with an opportunity to improve and learn as a company. I believe that to succeed, we must be able to adapt to the changing world around us if we are to maintain our position as one of the leading companies in the aluminium industry. Resilience will play a critical role in the commissioning of Line 6, Alba's game changer, which will make us the largest smelter in the world.

Return of Titan: Cost saving is not just about reducing the cost-base, it is more about ensuring a sustainable future and creating value for our employees and stakeholders alike. As part of Phase III of Titan, we are targeting to achieve savings of US$ 60 million and produce 1,000,000 mt in 2018. This is a very aggressive target to achieve in a one-year timeframe; however, we must continue to stay at the forefront of the industry and not fall behind the competition.

Rise of Line 6: By remaining true to our core objectives, we have entered 2018 in a strong position to benefit as the demand for aluminium rebounds. With Line 6 Expansion Project on schedule, we remain confident to achieve our target of First Hot Metal on 01 January 2019 and become the world's largest smelter upon completion of the Project.

Looking Ahead

What differentiates Alba is our People. As we head into 2018 and the rise of Line 6, our success rests on the training and development programs to ensure Alba continues to grow and prosper for many generations to come.

I take the opportunity to thank the Chairman of Alba and Alba's Board of Directors for their wise leadership and support, the Executive Management Team and every Alba employee for their exceptional contribution in ensuring Alba's success during 2017.

We are excited about the road ahead and we remain optimistic that, with Alba's core fundamentals, 2018 will be another success story.

Tim Murray
Chief Executive Officer
Aluminium Bahrain B.S.C.


SAFETY STARTS WITH YOU
LTI Injuries (by year)
25
20
15
10
5
0
19
20
15
8
5
6
3
2010
2011
2012
2013
2014
2015
2016
0
0
2015
2016
Total Recordable Injuries
139
119
57
69
2012
2013
2014
2015

OPERATIONAL HIGHLIGHTS

Alba unveils 2017 Expectations via Town Hall Meetings: Safety Tomorrowland, Line 6 Transformation, Titan DNA and Do Your Job A+

Alba scoops top Awards by the National Safety Council, USA

Alba holds "Next Generation" Leadership Workshop

JANUARY - MARCH

Alba approves US$ 80M Cash Dividend at AGM

Alba launches Tim's Academy

Alba publishes its First Sustainability Report

Alba launches plant-wide safety campaign 'Safety Tomorrowland'

Alba experienced a temporary power outage on April 05, 2017

Alba secures c. US$ 700 million in Export Credit Financing for Line 6 Expansion Project

APRIL - JUNE

Alba wins Ethical Boardroom Corporate Governance 2017 Award in the Middle East

Alba Concludes Line 6 FEED Study

Alba announces new Director of Global Export Markets & Director of Casthouse

For further information, please refer to the link: Albasmelter.com

- Alba lays the First Concrete in Potline 6 Foundation
- Alba reaches the financial close of US$ 700 million in Export Credit Financing
- Alba Launches Safety Awareness Campaign for Line 6 Contractors

JULY - SEPTEMBER

- 

Alba Reduction Line 5 Resumes Normal Operations
- Alba launches Summer Safety Challenge Campaign
- Alba presented with Gold ROSPA Health and Safety Award 2017
- Alba Line 6 Expansion Project Eclipses 2 Million Man-Hours without LTI

- Alba Appoints Ali Al Baqali as Deputy CEO & Chief Supply Chain Officer
- Alba Announces the appointment of Waleed Tamimi as Chief Administration Officer
- Alba unveils new campaign 'Safety in All Seasons'
- Alba licensed to provide training for IOSH Safety Course

OCTOBER - DECEMBER

- 

Alba signs MoU with GE for fourth GT block in PS5 and Bechtel sign MoU to explore further opportunities
- Alba wins Leading Corporate for Investor Relations, Bahrain 2017
- Line 6 smelter achieves 5 million-hours w/o LTIs and Power Expansion 3 million-hours w/o LTIs
- Alba achieves highest production record in its history - 981,016 metric tonnes in 2017

FINANCIAL HIGHLIGHTS

METAL SALES

Metal Revenues up by 22% YoY mainly driven by higher LME prices

US$ **2,083** million

(2016: US$ 1,704 million)

EBITDA

EBITDA up by 33% YoY driven by higher LME Prices

US$ **433** million

(2016: US$ 326 million)

EQUITY RATIO

Equity Ratio stood at 62% due to an appreciation in Total Assets (47%) on the back of Line 6 Expansion Project

62%

(2016: 84%)

NET DEBT

Net Debt rose by 2,811% YoY attributed to drawdown of loans for Line 6 Expansion Project (2017: c. US$ 1.2 billion)

US$ **1,059** million

(2016: US$ -39 million)

CASH PAYBACK TO SHAREHOLDERS

Cash Payback to Shareholders up by 282% YoY on the back of higher dividend paid in 2017

US$ **79** million

(2016: US$ 21 million)

For further information, please refer to Alba's Audited Financial Statements in the last section of the 2017 Annual Report

NET PROFIT

Net Profit amounted US$ 246 million & up by 91% YoY on the back of favorable LME prices

US$ **246** million

(2016: US$ 129 million)

FREE CASH-FLOW

Free Cash-Flow down by 48% YoY due to higher Working Capital

** Excluding Line 6 CAPEX*

US$ **106** million

(2016: US$ 204 million)

SHAREHOLDERS' EQUITY

Shareholders' Equity up by 7% YoY to reach US$ 2,799 million on the back of higher Retained Earnings

US$ **2,799** million

(2016: US$ 2,628 million)

NET DEBT TO EBITDA

Higher Net Debt to EBITDA on the back of Line 6 Project Financing

2.45x

(2016: -0.12x)

LEVERAGE RATIO

Leverage Ratio reached 60% as result of higher Net Debt versus 2016

60%

(2016: 16%)

CORPORATE GOVERNANCE

For further information about the Corporate Governance, please refer to this link: http://www.albasmelter.com/IR/CorporateGovernance/Pages/default.aspx

Description of the Company's management and supervisory bodies

Alba's Board of Directors maintains effective oversight of the Company by regularly monitoring key business activities and providing directives to Management. The Board has ten directors, all of whom are external to the company's management. The Board operates in accordance with the laws of the Kingdom of Bahrain, including the Commercial Companies Law (as amended), the Memorandum and Articles of Association of the Company, its own Board Charter, and the Company's 'Levels of Authority' document.

The Board of Directors has three sub-committees. The Board Audit Committee (BAC) carries out the Board's audit functions in accordance with the BAC Charter, and also has responsibilities for risk and corporate governance. It has six members, each of whom has a financial and/or audit background. The Nomination and Remuneration Committee (NRC) carries out the Board's nominating and remuneration functions in accordance with the NRC Charter. It has three members, all of whom are external directors. The Board Executive Committee is responsible for assisting the Board in fulfilling its oversight responsibility with respect to strategic initiatives and projects, and business and operational plans in accordance with its Charter. Relevant members of management attend Board and sub-committee meetings.

The Company is headed by a Chief Executive Officer (CEO), who has six Executive roles reporting to him (Deputy CEO/ Chief Supply Chain Officer, Chief Financial Officer, Chief Marketing Officer, Chief Operations Officer, Chief Power Officer, and Chief Administration Officer). Each Executive oversees a number of Managers. The Company has a Corporate Secretary and a Chief Internal Audit and Risk Management Officer, who report independently to the Chairman of the Board/ Chairman of the Board Audit Committee respectively.

Corporate governance practices applied by the Company

Alba has adopted, and is committed to implementing, both the Corporate Governance Code of the Kingdom of Bahrain (the Code) issued in March 2010 by the Ministry of Industry, Commerce and Tourism, and the Corporate Governance Module (the Module) of the Central Bank of Bahrain (issued in July 2011, as amended). The principles governing these frameworks are:

- The Company shall be headed by an effective, collegial and informed Board;

- The directors and officers shall have full loyalty to the Company;
- The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law;
- The Company shall have rigorous procedures for appointment, training and evaluation of the Board;
- The Company shall remunerate directors fairly and responsibly;
- The Board shall establish a clear and efficient management structure;
- The Company shall communicate with shareholders, encourage their participation, and respect their rights; and
- The Company shall disclose its corporate governance practices.

The Company seeks, where applicable, to exceed the minimum requirements of the Code and Module, and to implement the additional recommendations and guidance of the Code, as well as other international best practices in Corporate Governance.

The following are some of the key improvements in corporate governance instituted by the Company in recent years:

Corporate Governance Guidelines - The Company operates in line with a set of Board approved 'Corporate Governance Guidelines'. This document is fully aligned with the above Code, and is published on Alba's website.

Corporate Governance Report - The Board has presented a comprehensive annual 'Corporate Governance Report' at each Shareholders Meeting since March 2011. This report, (also available on Alba's website), sets out Alba's compliance with the Code and with the additional guidelines, along with explanations for areas of non-application and required disclosures.

Code of Conduct - A Board approved 'Code of Conduct', on par with leading international codes of ethics, sets out required ethical conduct for all employees and representatives of the Company. It was re-launched during 2015 by the Board and Executive team through a comprehensive communication and training program. Compliance with the Code of Conduct is monitored by Alba's Integrity Task Force, which comprises the Chief Internal Audit & Risk Management Officer, the Chief Administration Officer and the Legal Manager, and reports directly to the Board Audit Committee. Monitoring tools include 'IntegrityLine' an independently operated confidential hotline and reporting system that provides for reporting in multiple languages by phone and intranet 24 hours a day, every day.

Evaluation and assessment of the Board and its Committees – The Board and its three standing sub-committees, the BAC the NRC, and the Board Executive Committee, conduct annual self-evaluations and assessments using questionnaires and a discussion of gaps and areas of improvement. The results of the assessments by the sub-committees are reported to the Board.

Directors' orientation/ handbook - A Director's handbook consisting of key documents and other content on directors' responsibilities serves as a reference guide for incumbent directors and to facilitate orientation of new directors.

CORPORATE GOVERNANCE

Directors' independence – The Board conducts an annual review of directors' independence, applying the classification criteria and guidance from the Central Bank of Bahrain and from the Code.

Conflicts of Interest – Policies are in place to prohibit a member of the Board of Directors from voting in any meeting, or participating in any business operation or activity, in which the member has a conflict of interest with the Company. Abstentions are required to be minuted. Directors are required to list directorships of all Bahraini companies, and any potential conflicts of interest through an annual declaration process.

For further information about the Corporate Governance, please refer to this link: http://www.albasmelter.com/IR/CorporateGovernance/Pages/default.aspx

CEO and CFO Certification of financial statements – The CEO and CFO produce a memorandum certifying each quarter's financial statements, as well as the year-end financials.

Ownership and trading of company shares – Following the company's dual listing on the Bahrain Bourse and the London Stock Exchange in November 2010, a process was implemented to identify and report Directors' and Executives' ownership and trading of company shares. The Company has issued policies on Key Persons Dealing/ Insider Trading and circulated these to all directors, officers, and other key employees identified by the Company, and has established, for all directors and officers, quarantine periods for trading in Alba shares.

Levels of Authority – In December 2017, the Board approved an updated Levels of Authority document for the Company. This document defines the limits of approvals and decision-making authority designated to specified positions of responsibility within the Company, including the Board and Executives.

Succession plans – An annual review of succession plans for executives is now built into the Board agenda.

Main features of the internal control and risk management systems in relation to the financial reporting process

The Board, through the Board Audit Committee (BAC), is responsible for ensuring a sound and effective control environment. Monitoring of internal controls is provided through a number of internal and external assurance providers, including:

- Statutory Audit by our External Auditors, and discussion by the BAC of the results of the statutory audit, including a review of the financial performance, any changes to disclosure, a subsequent events review, important accounting matters and other internal control matters;

- Review and formal approval of financial results by the CFO, CEO, BAC and Board;

- Co-ordination and review by the Investor Relations department of all releases of financial results and other market-sensitive information to the market and to regulators;

- Monitoring of progress against agreed actions for financial and other risks identified through the application of Alba's Board approved Enterprise Risk Management Framework, and with regard to the Risk Appetite set by the Board. The BAC reviews changes to the risk profile, together with progress on actions for key risks, on a quarterly basis;

- An independent Internal Audit function, working from a risk-based annual internal audit plan covering key controls. The audit plan, budget, and methodologies are approved and monitored by the BAC. On a quarterly basis, the BAC reviews and discusses the internal audit findings, recommendations and agreed management actions, as well as progress made against prior audit findings. Additional private

meetings are held between the BAC Chairman and the Chief Internal Audit and Risk Management Officer;

- Audits carried out by the National Audit Office;

- Board and sub-committee approvals and monitoring of Operating, Financial, Manpower and other Plans;

- Executive and management monitoring activities (including the monitoring of Key Performance Indicators).

Assurance is also provided through application of the Levels of Authority document for financial transactions, through financial reporting policies and procedures, and through IT controls in the financial reporting system. Alba's Code of Conduct also sets out clear and specific requirements for accurate financial reporting.

CORPORATE GOVERNANCE

For further information about the Corporate Governance, please refer to this link: **http://www.albasmelter.com/IR/CorporateGovernance/Pages/default.aspx**

Principal risks and uncertainties faced by the business

We encourage you to carefully consider the risks described below. Their occurrence could have a material adverse impact on our business, financial condition and results of operations, and could result in a decline in the trading price and liquidity of our securities. 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's industry has historically meant that there is significant aluminium price and demand volatility, and a general production overcapacity in the industry. The Company has no control over a number of factors that affect the price of aluminium;
- The Company operates in an industry that gives 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 may result in loss of operational capability or shutdowns for significant periods, resulting in a significant adverse impact on the Company's financial condition and results of operations;
- The loss of either of the Company's two largest customers, or its inability to recover the receivables due from either 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, results of operations and future prospects;

- The Company's competitive position in the global aluminium industry is highly dependent on continued access to competitively priced and uninterrupted natural gas supply. An 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, results of 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. Prices for such services (particularly for sea transport) could increase;

- The Company has a number of hedging contracts, and has historically experienced significant 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 competitors increase their production levels;

- The Company's strategy includes 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; and

- Changes in laws or regulations, or a failure to comply with any laws or regulations, may adversely affect the Company's business.

PRODUCTS & MARKETS

2017 Metal Sales at	Metal Sales topped	Value-Added Sales at
US$ 2.083	**978,195**	**560,742**
Billion	Metric Tonnes	Metric Tonnes

Global Market - in Focus

- Further improvements in the Global Labour Market coupled with the continuous accommodative monetary policies in major economies have led to a stable global economy in 2017.
- LME price increased by 33% Year-over-Year (YoY) due to China winter-closures on the back of pollution crack-down, increase in overall smelter operating costs and decline in inventories outside China.
- World consumption hit a new record of 63.6 million metric tonnes, up by 6% YoY while world production stood at 63.5 million metric tonnes, an increase of 8% YoY.
- Chinese supply continued to surge (36.3 million metric tonnes, up by 13% YoY)) on the back of the new smelters' restart to offset the closures while Chinese consumption stood at 34.4 million metric tonnes in 2017. China had a strong finish in terms of its reported stocks in 2017.
- Continuous drawdown of inventories would cause tightness in the global market: Aluminium stocks in LME-registered warehouses stood at 1.1 million by year-end, down by 50% YoY.

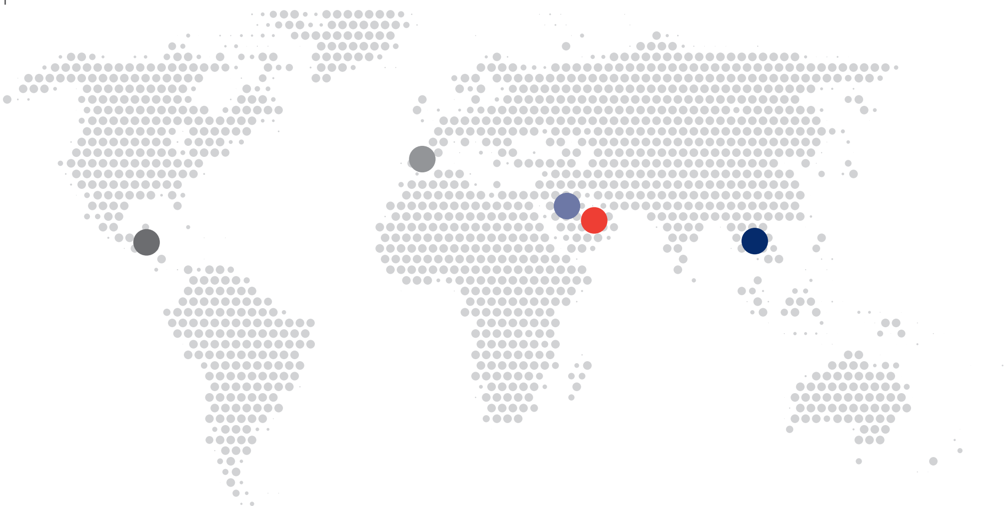
2018 Industry Outlook

- New Smelting Capacities in the Pipeline?
- Automotive Demand – a Key Force behind Aluminium Demand Growth

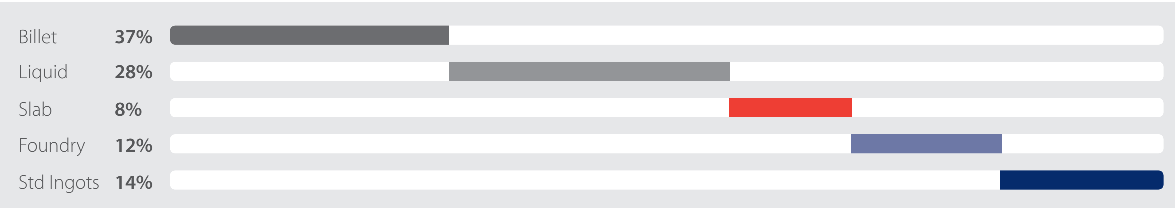
- The global market will be focused on the surging inventories in China and the upcoming US decision on aluminium import duties.
- If US ends-up imposing broad tariffs on primary imports, the US aluminium industry will be affected. On the upside, having duties would boost the US primary production and as a result, some idle smelting capacities must restart to secure the capacity the US needs.
- The Chinese supply-reform and pollution controls coupled with the mounting trade barriers to exports (common alloy and foil trade cases in the US) will lead to a big surge in Chinese stocks in 2018.
- China is no longer playing a major role in global economic growth as emerging and developed economies continue to improve. As a result, China production growth will rise by 5% YoY in 2018, down from the double-digit growth as seen in the previous years.
- The Automotive Sector will continue to be the best growth sector (more aluminium per vehicle) as automakers seek to meet the emission targets.

Products and Sales

Alba exports to more than 25 countries around the world.



By Product Line



Casthouse 2017 Performance

Despite the setbacks in 2017, Casthouse performance remained on course:

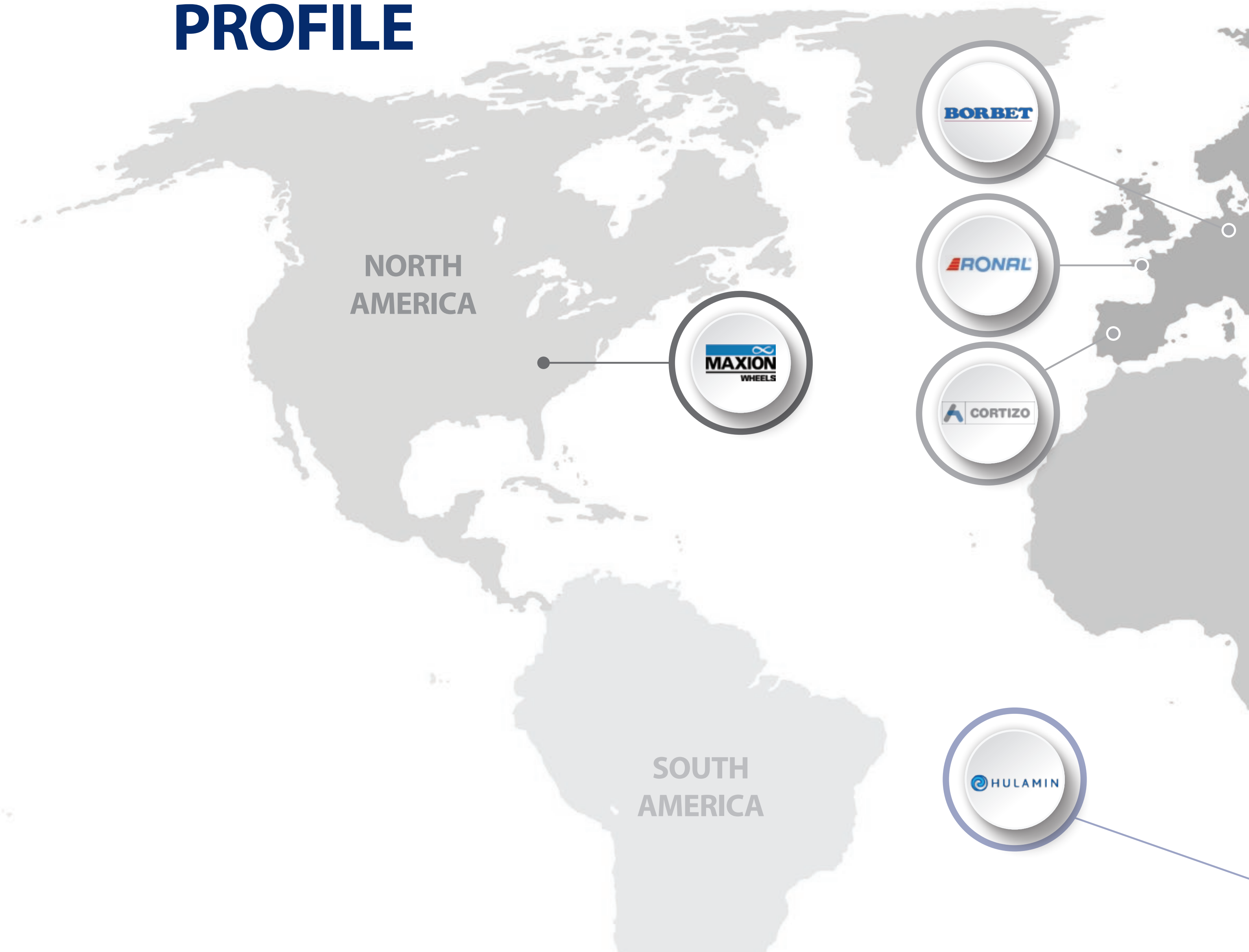
- Billet production topped **357,980 metric tonnes (mt)**, up by **8% YoY**
- Foundry alloys volumes reached **121,225 mt**, up by **10% YoY**
- Slab output at **83,102 mt**, down by **19% YoY** versus 2016

Performance

Our downstream markets continue to boom:

- Billets are sold to aluminium extruders which use the versatile properties of aluminium alloys to create profiles in all shapes and sizes which are mainly used in building applications such as window frames or structural components.
- Slabs are casted in rolling mills to produce foil stock which is then re-rolled into household foil or packaging material used mainly in food or pharmaceutical industries. Other types of slabs are rolled into plates or sheets for usage in the general engineering and building industries.
- Foundry alloys are used by automotive components manufacturers to cast wheels and engine blocks
- Molten metal is sold primarily to Midal Group - one of the world's leading cable and rod manufacturers

CLIENTELE PROFILE



ALUMINIUM PRODUCTS COMPANY (ALUPCO)

Founded in 1975

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

ALINCO

Founded in 2002

Aluminum International Company (ALINCO) which was established in 2002, specializes in standard, custom, architectural and industrial extrusions.

HULAMIN

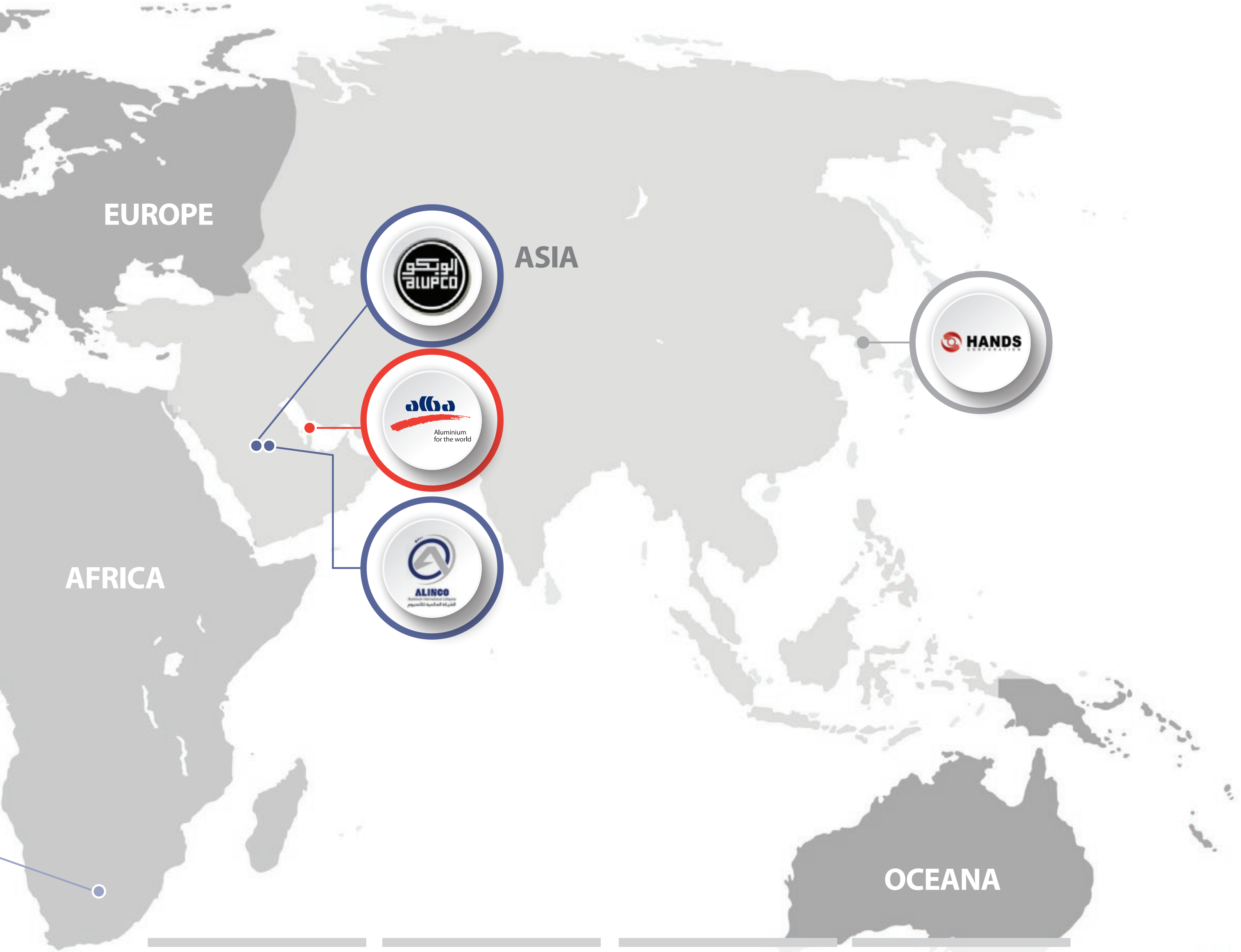
Founded in 1972

Hulamin Extrusions is South Africa's leading aluminium extruder with 65 years' experience in developing new markets and servicing South African customers, as well as in exporting to customers around the world.

RONAL WHEELS

Founded in 1962

RONAL Company is the pioneer of light alloy wheels in the world market. Karl Wirth Born founded the Company in 1962. Since then, Ronal has been applying a high technology, innovative design and quality without compromise for all its products.



CORTIZO

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.

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.

MAXION WHEELS

Founded in 1972
Maxion Wheels and its subsidiaries have been supplying OEMs with the highest quality wheels and most innovative technologies for over 100 years.

HANDS CORPORATION KOREA

Founded in 1972
HANDS has been consistently growing and leading the industry in alloy wheel manufacturing in Korea.

CLIENTELE PROFILE

MENA

ALUMINIUM PRODUCTS COMPANY (ALUPCO)
(a Saudi Joint Stock Company)

Established in 1975, Aluminium Products Company (ALUPCO) is the largest extrusion company in the Middle East and North Africa (MENA Region). ALUPCO Headquarters and it's first ever extrusion plant is located 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.

ALINCO

Aluminum International Company (ALINCO) is a Closed-Joint Stock company which was merged in 2010 with its sister companies (GGC, DAFF, REFCON).The first branch is The Gulf Grilles Company (GGC), which was established in 1984, specializes in manufacturing the central air conditioning grilles and many other related products. Then, Desert Air Filter Factory (DAFF) was established in 1995, which specializes in manufacturing several air filtration products. Aluminum International Company (ALINCO) which was established in 2002, specializes in standard, custom, architectural and industrial extrusions. Finally, Refrigerated Containers Industrial Company (REFCON) was established in 2004, which specializes in manufacturing the insulated cabin shelters. ALINCO's group is considered one of the leading supplier in its fields.

AFRICA

HULAMIN
http://www.handscorp.co.kr/

Hulamin Extrusions is South Africa's leading aluminium extruder. We operate out of two plants in Olifantsfontein near Johannesburg and Pietermaritzburg with a sales and distribution outlet in Cape Town. We have more than 65 years' experience in developing new markets and servicing South African customers, as well as in exporting to customers around the world.

Our aluminium extrusion technology and expertise offers endless opportunities for customizing extruded shapes resulting in an end product that meets customer requirements. An aluminium extrusion provides an opportunity to produce creative product designs requiring fewer components; this results in simplified assembly and lower overall product costs. We achieve this by working closely with our customers in the product development phase.

Hulamin Extrusion's mission is to consolidate our position as Sub-Saharan Africa's leading aluminium extruder with an ongoing strategy to develop the local market for aluminium extrusions.

EUROPE

RONAL WHEELS
www.capral.com.au/

RONAL Company is the pioneer of light alloy wheels in the world market. Karl Wirth Born founded the Company in 1962. Since then, Ronal has been applying a high technology, innovative design and quality without compromise for all its products. The lasting growth was achieved thanks to the customers' service, continuing innovations and a high standard of quality. For ensuring the highest quality RONAL develops and manufactures its own manufacturing tools, which originate both in Cantanhede Portugal and Härkingen Switzerland.

RONAL Company serves customers in Germany, France, Italy, Mexico, Poland, Spain, the Czech Republic and the USA. Light alloy wheels with own RONAL & SPEEDLINE brands are the lasting leaders on the demanding aftermarket. Both brands are distinguished for their quality and in-commutable design. Presence on particular markets; a high technology and a product design; and a state-of-the-art manufacturing equipment help the company to satisfy the customer needs all over the world.

CORTIZO

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

Family business and traditional company - we are both and we carry ourselves in both ways. Since 1962, our 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 us a sought-after partner for the automobile industry and speciality retail. At the same time, we still consider ourselves 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 you, our customers.

We want to excite people: our customers, our partners, and our employees - everyone with whom BORBET is connected. For this reason, we 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 unmistakeable signature: a BORBET wheel can be identified by aficionados even without a logo!

In order to ensure that this uniqueness endures, we 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

AMERICAS

MAXION WHEELS
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, we've acquired some of the most recognizable names in the industry, including Kelsey Hayes, Lemmerz and Fumagalli. Today, we put our combined expertise to work for nearly every OEM and vehicle market in the world.

We're also backed by the strength and security of our parent company, lochpe-Maxion, which ensures that our customers can count on us 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 us to not only reduce logistical costs — it also allows us to eliminate duplicate processes, and to streamline the complexities that come from managing variation in a single vehicle platform. We're able to implement the same design, technology and controls across multiple production lines, and to ensure a consistent and quality product whenever and wherever you need it.

No matter where a Maxion wheel is made, it's made exactly right

FAR EAST

HANDS
http://www.handscorp.co.kr/

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

WELCOME
أهلاً وسهلاً
alba
Aluminium
for the world
981,016MT
طن متري
Safety Selfie
Rise of Line 6
Return of Titan
Road to Resilience

LINE 6 EXPANSION PROJECT

FROM BLUEPRINT TO REALITY

KEY FACTS

Project Type

Brownfield

Capacity

540 MT

Start of Construction **2017**

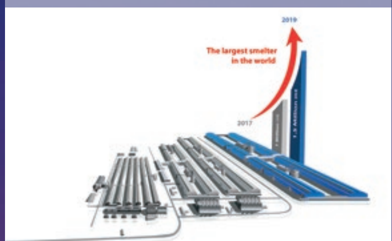
First Hot Metal

01-01-2019

Full Production

Q2 2019

SPECS



EGA DX+ Ultra

Proprietary Technology for Line 6 Smelter

Number of Pots

424

Length of **1.35 km**

Power Plant Output

1,792 MW

Efficiency

54%

SAFETY MILESTONES

(December 31, 2017)

Line 6 Smelter

5 Million

Man-Hours

without LTIs

Power Expansion Project

3 Million

Man-Hours

without LTIs

POWER STATION 5 PROGRESS
(December 31, 2017)

No. of Contractors on Site
10

No. of Manpower on Site
1,800

Overall Progress
47%

Engineering Progress
90%

Procurement Progress
82%

Construction Progress
20%

POWER DISTRIBUTION SYSTEM PROGRESS
(December 31, 2017)

No. of Contractors on Site
10

No. of Manpower on Site
535

Overall Progress
65%

Engineering Progress
90%

Procurement Progress
100%

Construction Progress
58%

LINE 6 SMELTER PROGRESS
(December 31, 2017)

No. of Contractors on Site
30

No. of Manpower on Site
4,769

Overall Progress
40%

Engineering Progress
76%

Procurement Progress
82%

Construction Progress
13%

SAFETY, HEALTH & ENVIRONMENT

Safety is a core value at Alba as it defines the way the Company operates and is an integral component of our work culture.

The Executive Management has always demonstrated their direct involvement and leadership to fulfil Alba's overarching Safety principles: 1) Ownership of Safety is everyone's responsibility'; 2) Working safely is a condition of employment; and 3) All work-related injuries and illnesses are preventable.

Various Safety campaigns were held throughout 2017, all of which were aligned with the CEO's 2017 Expectations. The major highlight was the "Safety Tomorrowland" Campaign during which, the Chairman of Alba's Board of Directors Shaikh Daij Bin Salman Bin Daij Al Khalifa reiterated the Board's resolve on putting Safety first and foremost in the current and future plans of the Company.

The other Safety Campaigns - Believe it to Achieve it, Ramadan Safety Challenge, Summer Safety Challenge and Safety in All Seasons - all aimed to transform the employees' mind-sets to elevate Safety ownership as well as cultivate a resilient Safety culture especially as Alba will be hosting more than 10,000 contractors in 2018 during the peak construction of Line 6 Expansion Project.

Department-led SHE Weeks, Safety meetings and contractors' Safety programmes, etc., were also held year-round to strengthen Alba's Safety culture. A tailored Safety Campaign titled 'My Health, My Responsibility' was held in July 2017 in partnership with the Ministry of Health for the Line 6 Expansion Project contractors and aimed to improve their awareness towards Safety and Health during the summer months, especially in terms of heat stress and dehydration.

Alba believes that SHE Trainings are crucial to create a safe-working environment within the Company. Alba SHE coordinators are periodically sent to academic programmes, seminars and conferences to ensure that they are up-to-date with the latest in the SHE areas. Many of the staff are also certified NEBOSH holders and conduct safety awareness sessions for different departments. It is noteworthy that Alba was announced as an approved and licensed Training Provider for the course 'Managing Safely' by the Institution of Occupational Safety and Health (IOSH), UK.

Our commitment to Safety remains unchanged as the Company maintained zero fatality in 2017, Lost Time Injuries (LTIs) stood at 6 versus 3 in 2016 while Total Injuries dropped from 64 in 2016 to 48 injuries in 2017.

Occupational Health

The Company continues to place a great emphasis on the Occupational Health of its employees and contractors on premises.

Alba is a pioneer in Heat Stress Management as it strictly follows the prescribed international standards and best practices including the use of Wet Bulb Globe Temperature (WBGT) index. The WBGT index is measured 4 times a day and communicated to all supervisors via different communication channels such as emails, display screens around the organization and WhatsApp application. It was applaudable that Alba's Industrial Hygiene (IH) section achieved Zero Heat Exhaustion case in 2017.

In addition, the 'Hydration Survey' results of 2017 were by far better than in 2016, which implied that the level of awareness amongst employees on work preparedness had largely improved.

Environment

Alba takes its responsibility to protect environment very seriously. The Company is continuously working to reduce the environment impact of its operations as well as find innovative solutions that benefit the environment.

In 2017, specific environment-awareness sessions were held in-house for all employees and contractor workers to include:

- Plant-wide waste management awareness sessions with a specific focus on new recruits.
- PFC emission reduction sessions for reduction-line teams.
- General environment awareness sessions for power operations and maintenance teams.

Environmental monitoring activities are carried out to cover the requirements for routine and non-routine statutory reporting of environmental data covering the source emissions from around 30 major stacks and three pot room roofs fugitive emission as well as ambient air quality monitoring stations distributed over four points in and around Alba plant. Manual sampling is done twice a year for each stack as a confirmation of the emission results' reliability. The total fluoride emissions from reduction areas as well as roof fugitive emissions for the last 12 months show that it was within legal limits. Although, there was an increase in the emissions with the power outage incident at Reduction Line 5, the emissions remained within the legal limit.

Alba also collaborates with various Safety and Health bodies in Bahrain such as the Supreme Council of Environment (SCE) and internationally such as Gulf Aluminium Council and National Safety Council, USA to ensure that it adopts the best international standards in safety as well as practices in Alba premises.

In 2017, Alba won many international Health and Safety awards that recognised its Safety performance -- the 2017 Occupational Excellence Achievement Award and the 2017 Significant Improvement Award by the National Safety Council (NSC) – USA; the Gold Award for Occupational Health and Safety 2017 by the Royal Society for the Prevention of Accidents (RoSPA); and International Safety Award for 2017 performance by the British Safety Council, UK.

Alba's CEO Tim Murray was also featured in the National Safety Council, USA's renowned "CEOs Who Get It" list for 2017 for refining Alba's approach to Safety, Efficiency and Sustainability through numerous initiatives.

Alba's commitment towards Safety, Health and Environment will always extend beyond the scope of legal requirements.

RECOVERY JOURNEY OF **LINE 5**

FACTS

2005	Line 5 Start-up
336	Number of Pots

5 APRIL 2017

Power black out at 4:50 pm for ~ 2.5 Hours

7 APRIL 2017 +3 Days

CEO Takeover of
Line-5 recovery
CEO and Executives on shop-floor at the beginning of the challenge

Pots in Operation	Potline Utilization
60	18%

11 APRIL 2017

Major Milestone
First Pots successfully restarted
Executives continue to monitor the recovery progress

Pots in Operation	Potline Utilization
64	19%

24 MAY 2017

Alba Chairman checks on the recovery progress

Pots in Operation	Potline Utilization
168	50%

15 JUNE 2017

Racing towards the finish-line while ensuring safe operations in Ramadan

Pots in Operation	Potline Utilization
244	73%

5 APRIL 2017
+10 Hours

Shutting Down
64 pots

5 APRIL 2017
+14 Hours

Line 5, Pot D124
Open Circuit for 3.5 Hours

15 APRIL 2017

Executives continue to monitor the recovery progress and boost morale

Pots in Operation
67

Potline Utilization
20%

7 MAY 2017

Recovery is on track:
more than 100 pots in operation

Pots in Operation
107

Potline Utilization
32%

17 JUNE 2017

Alba celebrates successful and safe recovery of Reduction Line 5 operations and sets new industry benchmark

Pots in Operation
336

Potline Utilization
100%

TRAINING & DEVELOPMENT

Training & Development

Alba believes that learning is a continuous process. By having the knowledge, our human assets, our people, will bring the opportunity to make a difference. It is through an enduring commitment to education that the Company's employees will continue to grow, thereby improve their productivity. Over the past four decades and counting, Alba's investment in its employees has yielded positive results, giving us the reputation as one of the leading employers in the Kingdom.

Alba Training Department plays a major role in developing the future leaders of the Company. Through its intensive training curriculum, Alba focusses on finding the right development paths for its employees as well as providing them with the right tools for success. The comprehensive training programmes are rooted in Alba's goals of operational excellence and social commitment towards developing the community. As a leading employer of Bahrainis, Alba realises that the proficient development of its staff is key to the successful nationalisation initiatives as laid-out in Bahrain Vision 2030.

It is a matter of great pride that Alba achieved above the industry benchmark of 5% training hours (in 2017) for five years in a row.

Alba continued to focus on creating and delivering generic and specialised training courses for its employees, which included a wide range of competencies from technical, safety, health, and environment to management, leadership, language, communication, business and professional education. Alba also continued to partner with organisations such as inJaz Bahrain and the Crown Prince International Scholarship Program (CPISP) to provide education, training and career opportunities to its employees.

Executive Development Series: Executive Development is a critical part of Alba's leadership strategy wherein numerous programmes were designed and conducted to provide the management candidates with skills for career advancement within the Company. In 2017, team alignment, working in teams, business strategies, management and leadership were the key focus areas in these series. These sessions received overwhelming responses following which they were extended to the Middle Management and supervisors as well as shop floor staff.

Alba also collaborated with reputed international universities such as the University of Virginia, The College of William & Mary to produce tailor-made leadership workshops to suit the abilities of all levels of management in Alba.

Alba introduced a new initiative in 2017, wherein workshops of best-selling management and leadership books were conducted by their respective authors. Held for Alba's Executive and Management staff, these workshops highlighted the key concepts of the books and provided a unique opportunity for the employees to get updated on modern management practices as well as discuss experiences with the experts.

Soft Skills Courses: Soft skills -- ability to communicate, solve problems, delegate, motivate and build teams -- are an important part of employee training and development at Alba. Courses such as Supervisory Management Development Programme; Industrial and Employee Relationship programme; High Performance Leadership Training; Leadership & Change Management Programme for Management; Problem Solving & Decision Making for Management and Team Building Programme were conducted for the employees.

These courses were also held, in specific, for Alba's female employees to help foster their career development in Alba. Since 2012, nine female employees were sponsored for MBA programmes and an additional eleven have undergone Training Development Programmes (TDPs) to be promoted to higher management staff positions.

Technical Trainings: Specialised Technical Training programmes are a crucial part of smelter operations -- Alba has continuously designed and delivered such trainings through expert instructors and specialists from Operations' departments directly to the respective employees.

The operation and maintenance staff in Alba are regularly given refresher courses 'Craft Job-Skills Training' to keep-up craft job skills and apprise them with the upgradations and modifications as well as enhance their knowledge. In this major initiative, a training need-analysis is carried-out every year for each department wherein training is delivered accordingly on equipment and processes.

Alba continued to provide skills set training programmes to plant operators on skills required for each activity in order to operate the plant. These programmes were designed as well as delivered by training instructors and plant operation specialists and include class room theories, practical training and on-job experience development.

TRAINING &
DEVELOPMENT

Safety, Health & Environment Trainings: Developing its Safety culture across the plant and achieving a Zero Accident work environment remains Alba's top priority. Numerous training programmes on Safety, Health and Environment (SHE) were held throughout 2017, which ensured that all employees were made aware on being responsible and safe in all aspects of their life. Amongst other standard SHE courses, various subjects were also covered namely Accident Investigation, Job Safe Practices (JSPs) and Planned Job Observation, Risk Assessment, Permit to Work, Working at Height and Be a Leader in Safety. These courses were attended by both management and non-management employees, thus ensuring that every employee becomes an ambassador of Safety.

Continuing Development Programmes

Academic Education

Alba places great importance on higher education, which is a key element of training and development for succession at management positions. Since 2013, around 128 employees were sponsored for BS degrees and enrolled in reputed local and overseas universities. A total of 63 employees have been enrolled into MBA programs since 2012 wherein 48 have graduated from ESSEC's MBA Programme at French Arabian Business School (FABS) Bahrain as well as reputed universities in UK and USA.

Educating our employees who are identified for higher responsibilities has proved to be an ideal strategy in the overall succession planning of Alba. The candidates who have graduated in BS and MBA programmes have been assigned higher roles and are showing promising results. Alba will persist with this endeavour till its succession requirements for the middle and top management are adequately met and accordingly to be ready with a pool of qualified, trained and developed individuals for higher responsibilities in future.

Training Initiatives for Line 6 Expansion Project

Alba has a dedicated training strategy for its Line 6 Expansion Project for different categories of employees who will be joining for start-up, operation, maintenance and other service functions. Line 6 Expansion Project is expected to add a total manpower of 507 employees, which will comprise employees from the existing plant as well as new recruits.

The training strategy includes new recruits, transferees from old to new plants and new recruits for resulting vacancies in existing plant.

The new recruits will join Alba in four batches from September 2017 to June 2018. The fresh graduates recruited locally will undergo detailed training programmes to be ready to take part in the new plant start-up. The experienced local and expatriate recruits will attend short and focused training (based on the results of individual training need-analysis) in advanced technology and equipment, which will be installed in the Line 6 smelter. A number of field specialists of Alba and on-job mentors are taking part in delivering the training with the Training faculty. A continuous evaluation mechanism has been implemented to assess the progress of the trainees and their readiness to take over the start-up and running of Line 6 plant.

A large number of vendor training programs are also being designed and arranged with the original equipment manufacturers (OEMs). These programs will take place during the installation and commissioning of the new equipment and processes and will be delivered by engineers and experts of the equipment suppliers.

Training & Development Programme (TDP)

One of the most successful and promising employee programmes is Alba's TDP wherein Bahraini employees are selected to take-up higher responsibilities and/or middle and senior level management roles based upon their knowledge, abilities, initiatives and demonstration of potential growth. They are then given wholesome development in educational, functional as well as management and leadership areas, which enable them to satisfy the criteria for the position they will take-up. In 2017, as many as 80 candidates were selected for the TDP which post completion will be promoted to higher positions to replace the national retirees and expatriates.

Training Centre

Alba Training Centre is a state-of-the-art building, which focusses on strengthening the core skills of existing employees and train new joiners with skills as required in the smelting industry. The Training Centre consists of the Training Administration Building and the Training Workshops' Building, which houses smart classrooms and workshops dedicated to each of the five maintenance disciplines -- Automotive, Mechanical, Electrical,

TRAINING & DEVELOPMENT

Instrumentation and Hydraulics & Pneumatics. The workshops focus on practical training and have state-of-the-art equipment that are currently being used within the plant as well as simulators, both of which will ensure that trainees are competent to work within the designated areas of the smelter. Both in-house and external experts in various disciplines deliver required expertise and training to the trainees.

Mini MBA

In line with the Company's commitment towards developing its talented workforce and under the direct guidance of the CEO Tim Murray, the Training Department launched the "Mini MBA" Programme which is delivered by Alba's MBA alumni over one week.

The Mini MBA covers many subjects in the fields of Leadership, Finance and Logistics & Supply Chain Management and will be rolled-out phase-wise, beginning with the 2nd line management employees.

Tim's Book Club

Tim's Book Club was established in 2015 with the sole purpose of developing a reading culture in Alba. Through this Club, employees can access well-known business/management books, which will help them enhance their skills and capabilities. Bringing more value to the reading experience, books with the highest reading rate are converted into workshops, thus giving insights about the author, the book and lessons from it. To assert the value of reading, Tim's Book Club was integrated into the TDP.

Investing in our People

Alba considers its people as the most valuable resource. Alba ranks amongst the top ten aluminium producers in the world; the onus of this success rests largely on its 2,700-plus workforce, of which more than 84% are Bahrainis.

Alba understands the pivotal role that it plays in Bahrain's economic and social structure and strives to ensure that it provides a unique and excellent place for its employees. We will continue to focus on finding the right development paths for our employees while providing them the right tools for future success.


Pressure and Saturation
I LOVE
BAHRAIN

OUR PASSION, OUR RESPONSIBILITY

As a flagship asset of Bahrain's economy, Alba recognises the adding-value to the community by contributing positively to the people of Bahrain.

Year-on-Year (YoY), Alba ensures that it strengthens its reputation as a responsible corporate citizen by initiating, supporting and participating in Corporate Social Responsibility programmes that impact the community, bolster awareness of Bahrain's Leadership in the Social, Civic, Environmental and Economic spheres as well as support sporting activities at the corporate, national and international levels.

Our Social Responsibility is underlined with our commitment towards Bahrain's Economic Vision 2030 to develop young Bahraini nationals - Alba signed in 2017 a Memorandum of Understanding (MoU) for Joint Co-Operation with Bahrain Polytechnic. Alba also participated and sponsored Bahrain Training Institute's Career Week and University of Bahrain's Careers Day as well as backed inJAz Bahrain, one of the most innovative Non-Profit Organizations aimed at educating and empowering Bahraini nationals with skills for the future. Alba welcomed students of various national and international universities, technical institutes and high schools for educational tours to give them insights into the aluminium industry, Alba's history till to-date and its significant contribution to Bahrain's Gross Domestic Product (GDP) [Aluminium sector garners 12% of Bahrain GDP]. In addition, Alba had a Scholarships Programme for Bachelor's degree at any recognized University or Institute within or outside Bahrain for the children of national employees based on its criteria of the scholarship scheme.

In 2017, Alba stretched its civic outreach through activities that helped in actualising some of its philanthropic goals [over 10 years of Corporate Philanthropy]. Alba Community Services Committee organized a clean-up activity at Askar Beach in the Southern Governorate, which witnessed the participation of Alba management, employees and contractors alike. Alba Health Care Centre, as part of its mission to advocate healthy lifestyle amongst employees and their families, held various health awareness sessions on subjects such as World Breast Awareness Campaign, World Kidney Day and World Diabetic Day as well as held Blood Donation Camps. Moreover, the Alba Health Care Centre received nursing staff from The College of Health and Science, Bahrain for sharing knowledge related to Occupational Health.

Alba also demonstrated its support for the International Day against Drug Abuse and Illicit Trafficking by sponsoring and partnering with Bahrain's General Directorate of Criminal Investigation and Forensic Science in many anti-drug related activities.

Alba's corporate social responsibility initiatives in 2017 covered many national and international events: Alba Horseracing Trophy that echoes Bahrain's equestrian heritage; Bahrain MERIDA Pro Cycling Team, one of the first cycling teams to be based in the Middle East; Annual Charity Raft Race, which is one of the biggest charity events in Bahrain; Athletics Association (BAA); Gulf Industry Fair, Bahrain International Garden Show, Invest in Bahrain Forum 2017, ARABAL 2017, 32nd International Aluminium Conference; and 12th Professional Development Conference and Exhibition by American Society of Safety Engineers – Middle East Chapter. A number of employee-based social programmes were held during occasions such as the annual Ramadan Sports Season, Alba Family Day Festival and the Celebration of the National Day of the Kingdom of Bahrain.

Being aware of our environmental responsibility, Alba is continuously looking to reduce the environmental footprint associated with its existing operations. With Line 6 Expansion Project in full swing -- Line 6 smelter & Power Station 5, Alba is further committed to meet the international standards of the Equator Principles (EP) and International Finance Corporation (IFC) on top of meeting Bahrain's Supreme Council of Environment (SCE) requirements. To date, the Company is on course to establish a robust Health, Social and Environment Management System to ensure that all processes are developed responsibly. More information can be obtained from the 2017 Sustainability Report.

We believe that by contributing to our society, we contribute to our success. Our commitment to stakeholders and communities we serve is summarised in Alba's Sustainability Report, to be released along with the 2017 Annual Report in March 2018, which highlights the Company's ongoing efforts to integrate business principles with the social responsibility.

Alba believes that success is not only about improving the bottom-line but also about the impact the Company leaves on the larger community. Social impact and sustainability will remain integral to Alba to ensure that it generates a positive impact for all its stakeholders.

FINANCIAL STATEMENTS

31 December 2017

Building a better working world

Ernst & Young
P.O. Box 140
10th Floor - East Tower
Bahrain World Trade Center
Manama, Kingdom of Bahrain
Tel: +973 153 5455 Fax: +973 1753 5405
manama@bh.ey.com
www.ey.com/mena
C.R. No. 6700/29977

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Aluminium Bahrain B.S.C. ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Key audit matters (continued)

1. Impairment testing of property, plant and equipment
Refer to note 4 to the consolidated financial statements

Key audit matter / risk	How the key audit matter was addressed in the audit
As at 31 December 2017, the Group held property, plant and equipment of BD 1,242 million in the consolidated statement of financial position. This area was important to our audit due to the size of the carrying value of the property, plant and equipment (74% of the total assets as at 31 December 2017) as well as the judgement involved in the assessment of the recoverability of the carrying value of the assets. This assessment requires the management to make assumptions to be used in the underlying cash flow forecasts in respect of factors such as future production levels, LME prices, raw material prices and overall market and economic conditions.	We examined the cash flow projections that have been determined 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. Revenue forecasts from metal sales are based on forward estimates of LME prices and premium published by independent market consultants on metal prices and the management has considered a growth rate from year 5 into perpetuity in line with the long term average growth rates of the business in which the Group operates. The discount rate used for discounting the cash flows was assessed against external benchmarks and risks specific to the assets. Management's accounting policy and assessment relating to impairment of property, plant and equipment is disclosed under significant accounting judgements and estimates in note 3 to the consolidated financial statements.

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

Other information included in the Group's 2017 annual report
Other information consists of the Board of Directors' report and information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Board of Directors' report set out on pages 1 to 4 which forms part of the consolidated financial statements, and the remaining sections of the annual report are expected to be made available to us after that date.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the 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.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

to the shareholders of Aluminium Bahrain B.S.C.

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

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

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

Report on Other Legal and Regulatory Requirements

We report that:

a) as required by the Bahrain Commercial Companies Law,
   - i) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
   - ii) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements; and
   - iii) satisfactory explanations and other information have been provided to us by management in response to all our requests.

b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2017 that might have had a material adverse effect on the business of the Company or on its consolidated financial position.

The partner in charge of the audit resulting in this independent auditor's report is Essa Al- Jowder.

Ernst + Young

Partner's Registration No. 45
8 February 2018
Manama, Kingdom of Bahrain

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 BD'000	2016 BD'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**1,242,073**	847,500
Other asset	5	**4,128**	4,320
Deferred tax asset	17	**19**	10
		1,246,220	851,830
Current assets			
Inventories	6	**198,577**	163,422
Trade and other receivables	7	**163,924**	92,065
Bank balances and cash	8	**77,459**	66,413
		439,960	321,900
TOTAL ASSETS		**1,686,180**	1,173,730
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**142,000**	142,000
Treasury shares	10	**(2,690)**	(4,965)
Statutory reserve	12	**71,000**	71,000
Capital reserve	13	**249**	249
Retained earnings		**805,029**	779,813
Proposed dividend	14	**36,806**	-
Total equity		**1,052,394**	988,097
Non-current liabilities			
Borrowings	15	**453,611**	6,489
Employees' end of service benefits	16 (a)	**1,564**	1,554
Derivative financial instruments	19	**412**	-
		455,587	8,043
Current liabilities			
Borrowings	15	**22,050**	45,235
Trade and other payables	18	**156,058**	132,355
Derivative financial instruments	19	**91**	-
		178,199	177,590
Total liabilities		**633,786**	185,633
TOTAL EQUITY AND LIABILITIES		**1,686,180**	1,173,730

Daij Bin Salman Bin Daiaj Al Khalifa
Chairman

Yousif Taqi
Director

Tim Murray
Chief Executive Officer

The attached notes 1 to 27 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	Note	2017 BD'000	2016 BD'000
Sales	23(a)	**857,762**	669,760
Cost of sales		**(723,114)**	(587,381)
GROSS PROFIT		**134,648**	82,379
Other income (net)	20	**7,451**	2,989
Loss on foreign exchange		**(1,837)**	(19)
Administrative expenses		**(27,120)**	(22,548)
Selling and distribution expenses		**(16,908)**	(11,259)
Finance costs	21	**(2,149)**	(2,504)
Directors' fees	24	**(210)**	(210)
Loss on revaluation/settlement of derivative financial instruments (net)	19	**(503)**	-
PROFIT FOR THE YEAR BEFORE TAX	21	**93,372**	48,828
Tax expense	17	**(915)**	(438)
PROFIT FOR THE YEAR		**92,457**	48,390
Other comprehensive income for the year		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**92,457**	48,390
Basic and diluted earnings per share (fils)	11	**65**	34

Daij Bin Salman Bin Daiaj Al Khalifa
Chairman

Yousif Taqi
Director

Tim Murray
Chief Executive Officer

The attached notes 1 to 27 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

	Note	Share capital BD '000	Treasury shares BD '000	Statutory reserve BD '000	Capital reserve BD '000	Retained earnings BD '000	Proposed dividend BD '000	Total BD '000
Balance at 31 December 2015		142,000	(4,905)	71,000	249	731,698	7,768	947,810
Total comprehensive income for the year		-	-	-	-	48,390	-	48,390
Net movement in treasury shares		-	(60)	-	-	-	-	(60)
Loss on resale of treasury shares		-	-	-	-	(287)	-	(287)
Final dividend for 2015 approved and paid	14	-	-	-	-	-	(7,756)	(7,756)
Excess of final dividend for 2015 reversed		-	-	-	-	12	(12)	-
Balance at 31 December 2016		142,000	(4,965)	71,000	249	779,813	-	988,097
Total comprehensive income for the year		-	-	-	-	92,457	-	92,457
Net movement in treasury shares		-	2,275	-	-	-	-	2,275
Loss on resale of treasury shares		-	-	-	-	(777)	-	(777)
Final dividend for 2016 approved and paid	14	-	-	-	-	(29,658)	-	(29,658)
Proposed dividend for 2017	14	-	-	-	-	(36,806)	36,806	-
Balance at 31 December 2017		**142,000**	**(2,690)**	**71,000**	**249**	**805,029**	**36,806**	**1,052,394**

The attached notes 1 to 27 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2017

	Note	2017 BD'000	2016 BD'000
OPERATING ACTIVITIES			
Profit for the year before tax		**93,372**	48,828
Adjustments for:			
Depreciation	4	**67,654**	71,380
Amortisation of other asset	5	**192**	192
Provision for employees' end of service benefits	16 (a)	**1,420**	1,521
Provision for slow moving inventories	6	**28**	53
Provision for impairment of receivables - net	7	**(164)**	(197)
Loss on revaluation of derivative financial instruments	19	**503**	-
Loss on disposal of property, plant and equipment	20	**2,519**	239
Interest income	20	**(573)**	(171)
Interest on borrowings	21	**1,927**	2,306
		166,878	124,151
Working capital changes:			
Inventories		**(35,183)**	(17,071)
Trade and other receivables		**(71,704)**	8,820
Trade and other payables (refer note below)		**18,677**	(11,820)
Cash from operations		**78,668**	104,080
Employees' end of service benefits paid	16 (a)	**(1,410)**	(1,316)
Income tax paid		**(915)**	(217)
Net cash flows from operating activities		**76,343**	102,547
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(464,835)**	(108,122)
Proceeds from disposal of property, plant and equipment		**89**	380
Interest received	20	**573**	171
Net cash flows used in investing activities		**(464,173)**	(107,571)
FINANCING ACTIVITIES			
Borrowings availed		**615,290**	105,280
Borrowings repaid		**(191,353)**	(142,953)
Interest on borrowings (refer note below)		**3,099**	(2,235)
Dividends paid	14	**(29,658)**	(7,756)
Purchase of treasury shares		**(5,281)**	(818)
Proceeds from resale of treasury shares		**6,779**	471
Repayment of long term receivable		**-**	3,439
Net cash flows from (used in) financing activities		**398,876**	(44,572)
INCREASE (DECREASE) IN BANK BALANCES AND CASH		**11,046**	(49,596)
Bank balances and cash at 1 January		**66,413**	116,009
BANK BALANCES AND CASH AT 31 DECEMBER	8	**77,459**	66,413

Non-cash item:

The Group had movements in unpaid interest on borrowings amounting to BD 5,026 thousand which were excluded from the movement in trade and other payables (2016: BD 71 thousand).

The attached notes 1 to 27 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2017

1. ACTIVITIES

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), the Company became a Bahrain Public Joint Stock Company effective 23 November 2010 and its shares were listed on the Bahrain Bourse and Global Depository Receipts were listed on the London Stock Exchange. 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 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 of the Company and the following subsidiaries:

Name	Effective ownership		Country of incorporation	Principal activity
	2017	2016		
Aluminium Bahrain US, Inc.	**100%**	100%	United States of America (USA)	Selling and distribution of aluminium throughout Americas
ALBA Club S.P.C.	**100%**	100%	Kingdom of Bahrain	Provider of recreational and sports facilities

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

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors on 8 February 2018.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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.

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2017. 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:

a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) Exposure, or rights, to variable returns from its involvement with the investee; and
c) 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 Company, using consistent accounting polices. Adjustments are made to conform the financial statements of the subsidiaries to the accounting policies of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic of consolidation (continued)

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 into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
b) derecognises the carrying amount of any non-controlling interest;
c) derecognises the cumulative translation differences, recorded in equity;
d) recognises the fair value of the consideration received;
e) recognises the fair value of any investment retained;
f) recognises any surplus or deficit in consolidated statement of income; and
g) reclassifies the parent's share of components previously recognised in OCI to 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.

New and amended standards and interpretations as of 1 January 2017

The accounting and reporting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain new standards and interpretations and amendments to standards and interpretations adopted by the Group as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of each new standard or amendment is described below:

IAS 12 — Income Taxes (Amendments): The amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value; and

IAS 7 — Statement of Cash Flows (Amendments): The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Annual Improvements 2014-2016 Cycle

IFRS 12 — Disclosure of Interests in Other Entities: Clarification of the scope of the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiaries, a joint venture or an associate that is classified as held for sale.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

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

IAS 40	Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);
IFRS 9	Financial Instruments: Guidance on classification and measurement, impairment and hedge accounting (effective for annual periods beginning on or after 1 January 2018);
IFRS 15	Revenue from Contracts with Customers: Guidance on performance obligations, variable consideration, warranty obligations, loyalty points program, rendering of services and equipment received from customers (effective for annual periods beginning on or after 1 January 2018);
IFRS 10 and IAS 28	Consolidated Financial Statements and Investment in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is not decided);
IFRS 2	Share-based Payment Transactions: Classification and Measurement of Share-based Payment (Amendments) (effective for annual periods beginning on or after 1 January 2018). Early application is permitted;
IFRS 16	Leases - Revised guidance on single model accounting for leases (effective for annual periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied;
IFRS 17	Insurance Contracts: The standard covers recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts, that was issued in 2005 (effective for annual periods beginning on or after 1 January 2021);
IFRS 9 and IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (effective for annual periods beginning on or after 1 January 2018);
IFRIC 22	Foreign Currency: Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018); and
IFRIC23	Uncertainty over income tax treatment:(effective for annual periods beginning on or after 1 January 2019);

Annual Improvements 2014-2016 Cycle

IFRS 1	First-time Adoption of International Financial Reporting Standards: Deletion of short-term exemptions for first-time adopters (effective from 1 January 2018); and
IAS 28	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (the amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

The Group is currently assessing the impact of the following standards on its consolidated financial statements,:

IFRS 9 Financial Instruments
During 2017, the Group performed a preliminary impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
The core principle of IFRS 15 is that an entity recognises revenue related to the transfer of promised goods or services when control of the goods or services passes to the customers. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods.

During 2017, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed analysis. Overall, the Group expects no significant impact on its consolidated financial statements.

Other standards and interpretations that have been issued but not yet effective are not likely to have any significant impact on the consolidated financial statements of the Group in the period of their initial application.

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

An asset is presented as current when it is:

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

All other assets are classified as non-current.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification (continued)

A liability is presented as current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current.

Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

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 26.

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.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

Foreign currencies

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 comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The 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 comprehensive income.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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 comprehensive income as incurred.

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

Freehold buildings	45 years
Power generating plant	23-25 years
Plant, machinery and other equipment	3-23 years

Land and assets in process of completion are not depreciated. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal 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 comprehensive income when the asset is derecognised.

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 they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

Lease rights

Lease rights for leasehold land are stated at cost, net of accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset 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 comprehensive income.

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

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

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

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Financial assets consist of bank balances and cash and trade and other receivables.

Subsequent measurement

Trade and other receivables

Trade and other receivables are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of financial assets is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income;

- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

- 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 original effective interest rate.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

Subsequent measurement

Trade and other payables

Trade and other payables and accruals are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

Borrowings

subsequent to initial recognition, borrowings are stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest rate method. Instalments due within one year are classified under current liabilities.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Interest is charged as an expense based on effective yield, with unpaid interest amounts included in 'trade and other payables'.

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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the consolidated statement of financial position at cost, including transaction costs, and subsequently re-measured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The recognition of changes in the fair values of derivative financial instruments entered into for hedging purposes is determined by the nature of the hedging relationship. For the purposes of hedge accounting, derivative financial instruments are designated as a hedge of either:

i) the fair value of a recognised asset or liability (fair value hedge), or

ii) the future cash flows attributable to a recognised asset or liability or a firm commitment (cash flow hedge).

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
Derivative financial instruments and hedging activities (continued)

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are classified as held for trading and are recognised immediately in the consolidated statement of comprehensive income.

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences cannot be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

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 comprehensive income is recognised outside consolidated statement of comprehensive income. 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.

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 comprehensive income net of any reimbursement.

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

Treasury shares

Treasury shares are stated at acquisition cost and are shown as a deduction to equity. No gain or loss is recognised in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the treasury shares. Gains arising from the subsequent resale of treasury shares is treated as non-distributable and included in treasury shares reserve. Any loss arising from the subsequent resale of treasury shares is first adjusted against the treasury shares reserve, if any, and charged to retained earnings if the amounts in treasury shares reserve is not sufficient to cover the loss. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are recognised in finance costs in the consolidated statement of comprehensive income. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an operating expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably normally on delivery to the customer.

Other income

Other income is recognised as the income accrues.

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 comprehensive income in the year to which they relate. The Group's obligations are limited to the amounts contributed to the Scheme.

For non-Bahraini employees the Group provides for end of service benefits in accordance with the Bahrain Labour Law based on their salaries at the time of leaving and number of years of service. Provision for this unfunded commitment, which represents a defined benefit scheme, has been made by calculating the liability 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.

Notes to the Consolidated Financial Statements

At 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires the Board of Directors to make judgments, 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.

Operating leases - the Group as lessee

The Group has entered into lease agreements on its land leased and held for use and items of machinery and vehicles leased. The Group has determined, based on an evaluation of the terms and conditions of the arrangements that the lessor retains all the significant risks and rewards of ownership of these assets and so accounts for the contracts as operating leases. Operating lease rentals and amortisation of the lease rights have been charged to administrative expenses in the consolidated statement of comprehensive income.

Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At 31 December 2017, gross trade receivables were BD 111,883 thousand (2016: BD 87,592 thousand), and the provision for impairment was BD 2,702 thousand (2016: BD 4,547 thousand) and gross other receivables were BD 10,717 thousand (2016: BD 6,428 thousand), and the provision for impairment was BD 45 thousand (2016: BD 45 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates (continued)

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 selling prices.

At 31 December 2017, gross inventories of spares was BD 24,511 thousand (2016: BD 25,910 thousand) with provisions for slow moving spares of BD 1,629 thousand (2016: BD 1,780 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.

Useful lives of property, plant and equipment

The Group's Board of Directors determines the estimated useful lives of its property, plant and equipment for calculating depreciation. These estimates are determined after considering the 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. The cash flows are prepared for the next five years and do not include restructuring activities that the Group is not yet committed to. A long term growth rate is calculated and applied to future cash flows after the fifth year. The Board of Directors do not believe that there is any impairment of property, plant and equipment as at 31 December 2017 and 31 December 2016 respectively.

Taxes

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

Notes to the Consolidated Financial Statements

At 31 December 2017

4. 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**
Cost:					
At 1 January 2017	278,463	436,691	1,277,369	128,703	2,121,226
Additions	2,519	56	9,151	453,109	464,835
Transfers	9,646	931	20,279	(30,856)	-
Disposals	(6,009)	(4,406)	(41,944)	-	(52,359)
At 31 December 2017	284,619	433,272	1,264,855	550,956	2,533,702
Depreciation:					
At 1 January 2017	124,612	275,048	874,066	-	1,273,726
Charge for the year	6,733	16,343	44,578	-	67,654
Relating to disposals	(5,778)	(2,883)	(41,090)	-	(49,751)
At 31 December 2017	125,567	288,508	877,554	-	1,291,629
Net carrying value:					
At 31 December 2017	**159,052**	**144,764**	**387,301**	**550,956**	**1,242,073**

	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
Cost:					
At 1 January 2016	275,845	438,209	1,232,700	74,659	2,021,413
Additions	15	56	1,419	106,632	108,122
Transfers	3,064	1,737	47,787	(52,588)	-
Disposals	(461)	(3,311)	(4,537)	-	(8,309)
At 31 December 2016	278,463	436,691	1,277,369	128,703	2,121,226
Depreciation:					
At 1 January 2016	118,324	261,582	830,130	-	1,210,036
Charge for the year	6,697	16,410	48,273	-	71,380
Relating to disposals	(409)	(2,944)	(4,337)	-	(7,690)
At 31 December 2016	124,612	275,048	874,066	-	1,273,726
Net carrying value:					
At 31 December 2016	153,851	161,643	403,303	128,703	847,500

4. PROPERTY, PLANT AND EQUIPMENT (continued)

a) Land and buildings include freehold land at a cost of BD 453 thousand as at 31 December 2017 (2016: BD 453 thousand).

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

c) The depreciation charge is allocated to cost of sales in the consolidated statement of comprehensive income.

5. OTHER ASSET

The Group acquired the lease rights of the land adjacent to the Company in the Kingdom of Bahrain from the Ministry of Industry, Commerce and Tourism on 28 May 2014 for a term of 25 years effective 1 July 2014 and the amount of BD 4,800 thousand is being amortised over the lease period.

	2017 BD'000	2016 BD'000
At 1 January	**4,320**	4,512
Amortised during the year	**(192)**	(192)
At 31 December	**4,128**	4,320

6. INVENTORIES

	2017 BD'000	2016 BD'000
Raw materials	**43,497**	28,961
Work-in-process	**49,009**	36,888
Goods in transit	**38,822**	39,530
Finished goods	**44,367**	33,913
Spares [net of provision of BD 1,629 thousand (2016: BD 1,780 thousand)]	**22,882**	24,130
	198,577	163,422

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

	2017 BD'000	2016 BD'000
At 1 January	**1,780**	1,727
Charge for the year	**28**	53
Write off against provision	**(179)**	-
At 31 December	**1,629**	1,780

Notes to the Consolidated Financial Statements

At 31 December 2017

7. TRADE AND OTHER RECEIVABLES

	2017 BD'000	2016 BD'000
Trade receivables - others [net of provision of BD 2,702 thousand (2016: BD 4,547 thousand)]	95,373	74,105
Trade receivables - related parties (note 24)	13,808	8,940
	109,181	83,045
Advances to suppliers	25,182	-
Insurance claim receivable	16,216	-
Other receivables [net of provision of BD 45 thousand (2016: BD 45 thousand)]	10,672	6,383
Prepayments	2,673	2,637
	163,924	92,065

As at 31 December 2017, trade receivables of BD 2,702 thousand (2016: BD 4,547 thousand) and other receivables of BD 45 thousand (2016: BD 45 thousand) were impaired. Movements in the provision for doubtful trade and other receivables were as follows:

	Trade receivables		Other receivables	
	2017 BD '000	2016 BD '000	2017 BD '000	2016 BD '000
At 1 January	4,547	4,744	45	45
Reversal during the year	(164)	(197)	-	-
Write off against provision	(1,681)	-	-	-
At 31 December	2,702	4,547	45	45

As at 31 December, the ageing of unimpaired trade accounts receivable was as follows:

			Past due but not impaired		
	Total BD '000	Neither past due nor impaired BD '000	Less than 30 days BD '000	31 to 180 days BD '000	Over 180 days BD '000
2017	109,181	96,137	10,495	2,388	161
2016	83,045	76,440	4,281	1,412	912

Subsequent to the year end, unimpaired trade receivables of BD 69,469 thousand (2016: BD 32,656 thousand) were collected and the balance is expected, on the basis of past experience, to be fully recoverable.

8. BANK BALANCES AND CASH

	2017 BD'000	2016 BD'000
Cash at bank:		
- Current accounts	**20,062**	38,817
- Call accounts	**16,004**	8,761
- Short term deposits	**41,360**	18,800
Cash in hand	**33**	35
	77,459	66,413

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 2017 is 0.075% (2016: 0.044%). Short term deposits earn interest at 2.25% p.a. (2016: 2.5% p.a.) and have maturities less than three months.

9. SHARE CAPITAL

	2017 BD'000	2016 BD'000
Authorised 2,000,000,000 shares of 100 fills each	**200,000**	200,000
Issued and fully paid 1,420,000,000 shares of 100 fills each	**142,000**	142,000

	2017			2016		
Categories	**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%	**90,023,499**	**3,379**	**6.34**	82,611,451	3,520	5.82
1% up to less than 5%	**51,976,501**	**2**	**3.66**	59,388,549	2	4.18
5% up to less than 20%	**-**	**-**	**-**	-	-	-
20% up to less than 50%	**292,804,000**	**1**	**20.62**	292,804,000	1	20.62
50% and above	**985,196,000**	**1**	**69.38**	985,196,000	1	69.38
	1,420,000,000	**3,383**	**100.00**	1,420,000,000	3,524	100.00

Notes to the Consolidated Financial Statements

At 31 December 2017

10. TREASURY SHARES

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

	2017		2016	
	No of shares	**BD '000**	No of shares	BD '000
	4,381,144	**2,690**	10,490,001	4,965

Included in treasury shares are 697,000 shares (2016: 697,000) that were excess in Employees' Stock Incentive Plan [note 16 (c)].

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:

	2017 BD'000	2016 BD'000
Profit for the year - BD' 000	**92,457**	48,390
Weighted average number of shares, net of treasury shares - thousands of shares	**1,414,368**	1,410,097
Basic and diluted earnings per share (fils)	**65**	34

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

The Bahrain Commercial Companies Law requires companies to transfer 10% of their annual profit to a statutory reserve, until such time the reserve equals 50% of the paid up share capital. A statutory reserve equal to 50% of the paid-up capital has been created by transfer of prior years' profits. Therefore no further transfers have been made for the year ended 31 December 2017. This reserve cannot be utilised for the purpose of distribution, except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

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 0.026 per share (excluding treasury shares) totalling BD 36,806 thousand. The final dividend is subject to the approval of the Company's shareholders at the Annual General Meeting to be held on 7 March 2018.

At the Annual General Meeting held on 21 March 2017, the Company's shareholders approved the Board of Directors' proposal to pay a final dividend of BD 0.021 per share (excluding treasury shares) totalling BD 29,658 thousand relating to 2016, which was fully paid as of 31 December 2017.

At the Annual General Meeting held on 16 March 2016, the Company's shareholders approved the Board of Directors' proposal to pay a final dividend of BD 0.0055 per share (excluding treasury shares) totalling BD 7,768 thousand relating to 2015, out of which BD 7,756 thousand was paid as of 31 December 2016 and excess of BD 12 thousand was reversed.

15. BORROWINGS

	2017 Current	2017 Non-current	2017 Total	2016 Total
	BD '000	BD '000	BD '000	BD '000
Line 6 Term Loan Facility at 5.1% to 5.6% (2016: nil) [1]	282,000	-	282,000	-
Line 6 Euro SERV Loan at EURIBOR + 0.65% (2016: nil) [2]	92,934	-	92,934	-
Line 6 USD SERV Loan at LIBOR + 0.9% (2016: nil) [2]	73,280	-	73,280	-
Line 6 Hermes Covered Facility at EURIBOR + 0.55% (2016: nil) [3]	5,397	-	5,397	-
Working capital revolving credit at 1.57 % to 2.44 % (2016: 1.85% to 2.26%) [4]	-	15,040	15,040	18,800
Refinancing loan at 2.65% to 3.75% (2016: 1.61% to 2.86%) [5]	-	3,183	3,183	9,545
Euro Coface loan at 1.51% to 1.73% (2016: 1.40% to 1.51%) [6]	-	3,827	3,827	6,672
Line 5 projects at 0.94% to 1.31% (2016: 0.94 % to 1.31%) [7]		-	-	9,111
Working capital term loan at 1.37% to 1.81% (2016: 1.37% to 1.81%) [8]	-	-	-	6,860
Euro SERV Loan at 1.11% to 1.24 % (2016: 1.11% to 1.24 %) [9]	-	-	-	736
Total borrowings	453,611	22,050	475,661	51,724
Payable after one year			453,611	6,489
Payable within one year			22,050	45,235
			475,661	51,724

Notes to the Consolidated Financial Statements

At 31 December 2017

15. BORROWINGS (continued)

[1] Line 6 Term Loan Facility

In 2016, the Group entered into a term loan facility with a syndicate of financial institutions for USD 1.5 billion comprising two tranches; USD 882 million as conventional credit facility and USD 618 million as Islamic Ijara facility. National Bank of Abu Dhabi PJSC is the global facility agent for this facility and Riyad Bank is the investment agent. This loan was obtained to finance capital expenditure requirements for line 6. The loan is repayable in eight semi-annual instalments starting from February 2020.

[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. The loan is repayable in twenty-four semi-annual instalments and the commencement date of repayment has been agreed with the facility agent at the time of agreement.

[3] Hermes 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. The loan is repayable in twenty-four semi-annual instalments and the repayment dates has been agreed with the facility agent at the time of agreement.

[4] 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.

[5] Refinancing Loan

In 2013, the Group entered into refinancing agreements with two financial institutions for USD 169 million. These loans were obtained to partially repay the line 5 project loans. These loans are repayable in ten semi-annual and twelve quarterly instalments respectively and the repayment dates have been agreed with the facility agent after the last drawdown.

[6] Euro Coface Loan

On 27 April 2010, the Group entered into a Coface facility agreement with a syndicate of financial institutions for Euro 54 million. BNP Paribas, France is the agent for this facility. This loan was obtained to finance the replacement of rectiformers for lines 1 and 2. The loan is repayable in twelve semi-annual instalments and the repayment dates had been agreed with the facility agent after the last drawdown.

[7] Line 5 projects

In 2004, the Group obtained a term loan from a financial institution for USD 300 million. This loan is repayable in twenty four semi-annual instalments and the repayment dates have been agreed with the facility agent after the last drawdown.

[8] Working Capital Term Loan

In 2014, the Group obtained a term loan from HSBC for USD 80 million by converting a portion of the existing short term working capital revolving loans from various financial institutions. This loan is repayable in twelve quarterly instalments after the last drawdown and the repayment dates have been agreed with the facility agent.

[9] Euro SERV Loan

On 20 June 2010, the Group entered into a SERV facility agreement with a syndicate of financial institutions for Euro 22.4 million. BNP Paribas (Suisse) SA, Switzerland is the agent for this facility. This loan was obtained to finance the replacement of rectiformers for line 4. The loan is repayable in twelve semi-annual instalments and the repayment dates had been agreed with the facility agent after the last drawdown.

Line 5 projects loans, Coface loan and refinancing loan are secured by the quota agreement entered into between the Group and the shareholders. The loans obtained for Line 6 project are unsecured.

16. EMPLOYEE BENEFITS

a) Defined benefit scheme - leaving indemnity

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

	2017 BD'000	2016 BD'000
Provision as at 1 January	**1,554**	1,349
Provided during the year (note 21)	**1,420**	1,521
Employees' end of service benefits paid	**(1,410)**	(1,316)
Provision as at 31 December	**1,564**	1,554

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	
	2017 BD '000	2016 BD '000	**2017 BD '000**	2016 BD '000
Provision as at 1 January	**1,357**	1,054	**710**	1,132
Expense recognised in the consolidated statement of comprehensive income (note 21)	**4,963**	4,817	**6,043**	6,116
Contributions paid	**(4,393)**	(4,514)	**(6,157)**	(6,538)
Provision as at 31 December (note 18)	**1,927**	1,357	**596**	710

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. As of 31 December 2017, no employees are eligible for this plan (2016: nil) and the excess of 697,000 shares is held as treasury shares as of 31 December 2017 (2016: 697,000 shares). In 2015, the shares allocated to the employees had fully vested.

Notes to the Consolidated Financial Statements

At 31 December 2017

17. TAXATION

Taxation pertains to the Group's subsidiary in the United States of America and the standard tax rate was 37.85% as of 31 December 2017 (2016 : 36.99%). 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.

	2017 BD'000	2016 BD'000
Current liability		
Current year	**155**	140
Income statement		
Current year expense	**923**	357
Deferred tax (benefit) expense	**(8)**	81
	915	438

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.

	2017 BD'000	2016 BD'000
Deferred tax asset	**106**	91
Deferred tax liability	**(87)**	(81)
Deferred tax asset - net	**19**	10

	2017 BD'000	2016 BD'000
The deferred tax asset comprises the following temporary differences:		
Deductible temporary differences	**25**	16
Taxable temporary differences	**(6)**	(6)
	19	10

18. TRADE AND OTHER PAYABLES

	2017 BD'000	2016 BD'000
Trade payables - others	**74,143**	62,588
Trade payables - related parties (note 24)	**24,663**	27,536
	98,806	90,124
Employee related accruals	**29,062**	25,376
Accrued expenses	**25,213**	13,611
Alba Savings Benefit Scheme [note 16 (b)]	**1,927**	1,357
Social Insurance Organisation [(note 16 (b)]	**596**	710
Advances from customers	**299**	1,037
Current tax liability	**155**	140
	156,058	132,355

i) For terms and conditions with related parties, refer to note 24.

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 BD'000	2016 BD'000
Negative fair values - liabilities	**503**	-
Classified in the consolidated statement of financial position as follows:		
Non-current portion	**412**	-
Current portion	**91**	-
Total	**503**	-

	2017 BD'000	2016 BD'000
Changes in fair value of derivative financial instruments taken to the consolidated statement of comprehensive income	**503**	-

The Group does not engage in proprietary trading activities in derivatives. However, the Group enters into derivative transactions to hedge economic risks under its risk management guidelines that may not qualify for hedge accounting under IAS 39. Consequently, gains or losses resulting from the re-measurement to fair value of these derivatives, if any, are taken to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

At 31 December 2017

19. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Interest rate swaps

The Group entered into interest rate swap transactions for US$ 0.5 billion floating rate borrowings for financing the line 6 project to manage overall financing costs. These contracts expire on 20 September 2023. The notional amount outstanding as at 31 December 2017 was US$ 550,000 thousand (2016: Nil).

Commodity futures

The Group entered into commodity futures contracts to reduce the price risk on behalf of its customers for 32,400 metric tonnes (2016: 10,165 metric tonnes).

20. OTHER INCOME (NET)

	2017 BD'000	2016 BD'000
Insurance claim	**6,400**	-
Sale of water	**1,325**	1,347
Interest income	**573**	171
Loss on disposal of property, plant and equipment	**(2,519)**	(239)
Settlement from legal case	**-**	340
Miscellaneous	**1,672**	1,370
	7,451	2,989

21. PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2017 BD'000	2016 BD'000
Inventories recognised as an expense in cost of sales	**533,589**	407,939
Staff costs:		
Wages and salaries	**78,704**	70,122
Social Insurance Organisation [note 16 (b)]	**6,043**	6,116
Alba Savings Benefit Scheme [note 16 (b)]	**4,963**	4,817
Payments to contractors	**4,642**	3,047
Employees' end of service benefits [note 16 (a)]	**1,420**	1,521
Indirect benefits (housing, education)	**352**	358
Others	**341**	545
	96,465	86,526

21. PROFIT FOR THE YEAR (continued)

The staff costs have been allocated in the consolidated statement of comprehensive income as follows:

	2017 BD'000	2016 BD'000
Cost of sales	**80,028**	73,411
Administrative expenses	**14,639**	11,554
Selling and distribution expenses	**1,798**	1,561
	96,465	86,526
Finance costs		
Interest on borrowings	**1,927**	2,306
Bank charges	**222**	198
	2,149	2,504

22. COMMITMENTS AND CONTINGENCIES

a) Commitments

	2017 BD'000	2016 BD'000
Physical metal commitments		
Sales commitments :		
32,400 metric tonnes (2016: 10,165 metric tonnes)	**25,580**	6,553

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.

Treasury shares
The Board of Directors authorised the Company to purchase its own shares for a total cost amounting to BD 10,000 thousand (2016: BD 10,000 thousand). As of 31 December 2017, the Group has a remaining commitment of BD 3,500 thousand (2016: BD 3,500 thousand) towards the purchase of its own shares.

Capital expenditure
Estimated capital expenditure contracted for at the reporting date amounted to BD 157,076 thousand (2016: BD 190,505 thousand). The commitments are expected to be settled within 1 to 5 years from the reporting date.

Letters of credit
At 31 December 2017, the Group had outstanding letters of credit to counterparties of BD 942 thousand (2016: BD 445 thousand).

Notes to the Consolidated Financial Statements

At 31 December 2017

22. COMMITMENTS AND CONTINGENCIES (continued)

b) Contingencies

Under Albaskan Scheme, the Group has issued guarantees to financial institutions in the Kingdom of Bahrain in relation to the mortgage loans of its employees. The total value of these letters of guarantees is BD 17,947 thousand (2016: BD 16,711 thousand).

At 31 December 2017, the Group had contingent liabilities in respect of bank guarantees amounting to BD 18,641 thousand (2016: BD 9,225 thousand) from which is anticipated that no material liabilities will arise.

c) Operating lease commitments

The future minimum rentals payable under operating leases as of the reporting date are given below:

	2017 BD'000	2016 BD'000
Within one year	1,028	31
After one year but not more than five years	2,926	126
After five years	488	566
Aggregate operating lease expenditure contracted for at the consolidated statement of financial position date	4,442	723

The Group has a lease agreement with the Government of the Kingdom of Bahrain ("the Government") for the lease of an industrial land in Askar, Kingdom of Bahrain for a period of 25 years commencing 1 July 2014. The annual rent for the leased land is BD 31,452 which is negotiable after the first five years. The Group has also entered into operating leases for the rental of equipment and vehicles.

23. OPERATING SEGMENT INFORMATION

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

a) Product

An analysis of the sales revenue by product is as follows:

	2017 BD'000	2016 BD'000
Aluminium	783,332	640,835
Alumina trading	66,287	22,826
Calcined coke	8,143	6,099
Total sales revenue	857,762	669,760

23. OPERATING SEGMENT INFORMATION (continued)

b) Geographic information

An analysis of the sales revenue by geographic location of customers is as follows:

	2017 BD'000	2016 BD'000
Kingdom of Bahrain	**316,128**	276,880
Europe	**200,037**	121,116
Rest of the Middle East and North Africa	**149,424**	92,796
Asia	**99,252**	111,552
Americas	**92,921**	67,416
Total sales revenue	**857,762**	669,760

c) Customers

Sales revenue from two customers of the Group amounted to BD 252,914 thousand (2016: BD 227,806 thousand), each being more than 10% of the total sales revenue for the year.

24. RELATED PARTY TRANSACTIONS

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

Transactions with shareholders

In the ordinary course of business, the Group purchases supplies and services from parties related to the Government of the Kingdom of Bahrain, principally natural gas and public utility services. A royalty, based on production, is also paid to the Government of the Kingdom of Bahrain.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2017 BD'000	2016 BD'000
Other related parties		
Revenue and other income		
Sale of metal	**81,743**	78,759
Sale of water	**1,164**	1,150
Interest on receivable	**228**	94
	83,135	80,003

Notes to the Consolidated Financial Statements

At 31 December 2017

24. RELATED PARTY TRANSACTIONS (continued)

	2017 BD'000	2016 BD'000
Cost of sales and expenses		
Purchase of natural gas and diesel	**132,633**	124,600
Royalty	**4,066**	4,027
Purchase of electricity	**2,134**	2,565
	138,833	131,192

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

	2017 BD'000	2016 BD'000
Other related parties		
Assets		
Trade receivables (note 7)	**13,808**	8,940
Bank balances	**1,175**	2,650
	14,983	11,950
Liabilities		
Trade payables (note 18)	**24,663**	27,536
Term loan	**17,709**	-
Other payables	**471**	161
	42,843	27,697

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 overdue receivable amount from a related party as of 31 December 2017 (2016: same terms). For the year ended 31 December 2017, the Group has not recorded any impairment on amounts due from related parties (2016: nil).

Compensation of key management personnel

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

	2017 BD'000	2016 BD'000
Short term benefits	**1,637**	1,221
End of service benefits	**72**	47
Contributions to Alba Savings Benefit Scheme	**92**	73
	1,801	1,341

Directors' fees during the year amounted to BD 210 thousand (2016: BD 210 thousand).

25. RISK MANAGEMENT

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, bank balances and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

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

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 borrowings, deposits and derivative financial instruments.

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 borrowings).

The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's result for one year, based on the floating rate financial assets and financial liabilities held at the reporting date.

The interest earned on overdue receivable is based on floating LIBOR rate plus margin. The call accounts and short term deposit earn interest at commercial rates. The interest rates are disclosed in notes 8 and 24.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in interest rates, with all other variables held constant.

	Interest on call accounts and short term deposit		Interest on borrowings (after giving effect for derivative financial instruments)	
	Increase/ decrease in basis points	Effect on results for the year BD '000	Increase/ decrease in basis points	Effect on results for the year BD '000
2017	**25**	**143**	**25**	**55**
	(25)	**(143)**	**(25)**	**(55)**
2016	25	69	25	129
	(25)	(69)	(25)	(129)

Notes to the Consolidated Financial Statements

At 31 December 2017

25. RISK MANAGEMENT (continued)

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, based on customers' options. The forecast is deemed to be highly probable.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income 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
2017	+30%	**115**
	-30%	**(115)**
2016	+30%	13
	-30%	(13)

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 Company uses forward foreign exchange contracts to hedge against foreign currency payables. As of 31 December 2017 and 31 December 2016 there were no outstanding forward foreign exchange contracts.

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

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

Financial	Currency	2017 BD '000	2016 BD '000
Bank balances	Euro	**7,996**	19,596
	Swiss Francs	**70**	77
Receivables	Euro	**11,701**	6,572
Borrowings	Euro	**102,158**	7,408
Payables	Euro	**7,635**	6,786
	Swiss Francs	**410**	1,963
	Great Britain Pounds	**334**	33

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).

25. RISK MANAGEMENT (continued)
Foreign currency risk (continued)

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

	2017		2016	
Currency	**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%**	**(9,010)**	+10%	1,197
Swiss Francs	**+10%**	**(34)**	+10%	(189)
Great Britain Pounds	**+10%**	**(33)**	+10%	(3)
		(9,077)		1,005

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 (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and derivative financial instruments.

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. Provision for doubtful receivables is made whenever risks of default are identified.

Derivative contracts are entered into with approved counterparties and the Group is not subject to significant credit risk on these contracts.

Credit risk concentration

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

The Group sells its products to a large number of customers. Its five largest customers account for 43% of outstanding trade receivables at 31 December 2017 (2016: 52%).

Notes to the Consolidated Financial Statements

At 31 December 2017

25. RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value.

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 60 days of the date of sale. Trade payable 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 2017	Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
Borrowings (including interest payable)	38,076	3,827	303,999	149,612	495,514
Derivative financial instruments	91	-	-	412	503
Trade and other payables	101,484	-	-	-	101,484
Total	139,651	3,827	303,999	150,024	597,501

31 December 2016	Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	Over 5 years BD '000	Total BD '000
Borrowings (including interest payable)	24,819	21,046	6,584	-	52,449
Derivative financial instruments	-	-	-	-	-
Trade and other payables	92,331	-	-	-	92,331
Total	117,150	21,046	6,584	-	144,780

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 2017 and 31 December 2016.

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.

Capital comprises share capital, statutory reserve, capital reserve, retained earnings and proposed dividend less treasury shares, and is measured at BD 1,052,394 thousand as at 31 December 2017 (2016: BD 988,097 thousand).

26. 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 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, other than bank balances and cash, held by the Group as at 31 December 2017:

	Loans and receivables	
	2017 BD'000	2016 BD'000
Financial assets		
Trade and other receivables	**119,853**	89,428

	Loans and receivables		Fair value through profit or loss	
	2017 BD '000	2016 BD '000	**2017 BD '000**	2016 BD '000
Financial liabilities:				
Borrowings	**475,661**	51,724	**-**	-
Trade and other payables	**101,484**	92,331	**-**	-
Derivative financial instruments	**-**	-	**503**	-
	577,145	144,055	**503**	-

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.

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.

Notes to the Consolidated Financial Statements

At 31 December 2017

26. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2017, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Derivatives are 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. As at 31 December 2017, the Group the outstanding derivative financial instruments amounting to BD 503 thousand (2016: nil).

- Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2017 was assessed to be insignificant.

Fair value hierarchy

As at 31 December 2017 and 31 December 2016, the Group's derivative financial instruments 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 2017 and 31 December 2016, 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 (2016: same).

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

27. ALBA SAVINGS BENEFIT SCHEME

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

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

The Scheme is established as a trust and administered by trustees representing the Group and the employees. The trustees manage 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.

Alba Shareholders' Structure

Alba is listed on both the Bahrain Bourse and London Stock Exchange, and the Company's shareholders are:

Bahrain Mumtalakat Holding Company	SABIC Industrial Investment Company	General Public
69.38%	**20.62%**	**10%**

Investor Relations

In the Financial Year of 2017, Aluminium Bahrain (Alba) continued its intensive dialogue with institutional/retail investors as well as financial analysts. Investor Relations (IR) activities centred on individual one-one-one meetings during the Company's official roadshows in London and New York (Half Year 2017 and Full Year 2017) as well as One-on-One conference in Dubai. The annual and quarterly earnings were presented to the public 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 email (IR@alba.com.bh) for any questions related to Alba or its share (ALBH).

Aluminium Bahrain's Investor Relations team gained recognition through the results of the Extel Survey – this is the seventh year in a row that Alba raised the bar as well as to be the recipient of the best IR team in Bahrain.

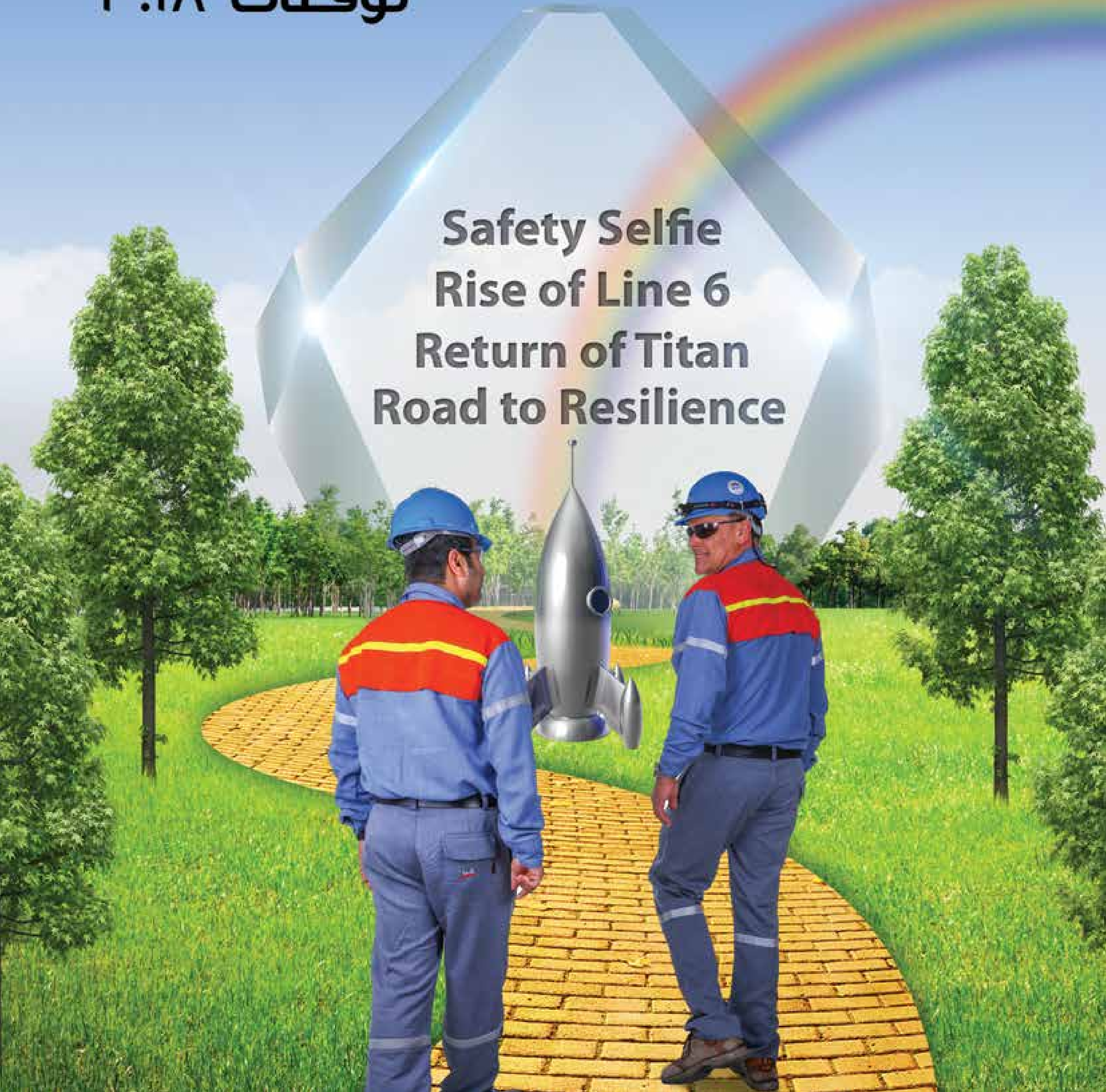
- For information on Alba's Footprint, please go to the clientele section in 2017 AR
- For information on Alba's Line 6 Expansion Project, please go to the Line 6 section in 2017 AR
- For more information on Alba's Audited Financials, please go to the last section in 2017 AR

alba

Aluminium
for the world

2018 **Expectations**

توقعات ٢٠١٨



Aluminium Bahrain B.S.C. (Alba)
P.O. Box 570
Kingdom of Bahrain

Telephone: **+973 1783 0000**
Fax: **+973 1783 0083**

www.albasmelter.com