

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

**REPORT OF THE BOARD OF DIRECTORS,
INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2024

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

BOARD OF DIRECTORS' REPORT

The Board of Bahrain Mumtalakat Holding Company B.S.C. (c) (the "Company" and its subsidiaries, hereinafter collectively referred to as the "Group") is pleased to present its report together with the audited consolidated financial statements for the year ended 31 December 2024.

Financial highlights

The Group recorded a consolidated net profit of BD 362.9 million in 2024 compared to a consolidated net loss of BD 496.7 million in 2023.

Consolidated profit from continuing operations increased from a loss in 2023 amounting to BD 38.9 million to a profit of BD 457.3 million in 2024 reflecting strong performance of portfolio companies.

Significant increase in consolidated net profits resulted from higher consolidated revenues of BD 2.2 billion recorded in 2024 compared to BD 2.1 billion in 2023, and increased fair value gains on investments recorded during the year. 2023 net results were impacted primarily by non-cash impairments recorded in the previous year.

On 9 December 2024, the Group announced the signing of a strategic partnership agreement (the "Transaction") with CYVN Holdings LLC ("CYVN"), an advanced mobility operator and investment vehicle based in Abu Dhabi. Under this agreement, CYVN would acquire 100% of McLaren's automotive business and a non-controlling stake in McLaren's racing business.

The Transaction was successfully completed on 2 April 2025, following the receipt of all required regulatory approvals and the satisfaction of closing conditions. The Transaction aligns with the Group's strategy and ongoing efforts to optimize and enhance its portfolio, ensuring sustainable long-term financial returns.

Alba reported net profit of BD 184.5 million in 2024 compared to BD 118 million for the year 2023 impacted by higher average LME prices of aluminium during the year as compared to 2023.

The Group's principal associates, National Bank of Bahrain B.S.C (NBB) and Bahrain Telecommunications Company B.S.C (Beyon) continue to report strong results. The Group's share of profits from NBB and Beyon for 2024 were BD 34.7 million and BD 25.3 million respectively (2023: BD 33.5 million and BD 25.6 million respectively).

The movements in equity attributable to shareholder of the Company are as follows:

	<i>BD '000</i>
Balance as at 31 December 2023	2,396,879
Net profit	316,545
Other comprehensive income	10,592
Contribution by the shareholder	41,698
Dividend paid to the shareholder	(40,000)
Other movements, net	(131,579)
Balance as at 31 December 2024	<u><u>2,594,135</u></u>

Bahrain Mumtalakat Holding Company B.S.C. (c)
BOARD OF DIRECTORS' REPORT (continued)

Disclosure forms for the remuneration of members of the board of directors and the executive management in the report of the board of directors

First: Board of directors' remunerations details:

Name	Fixed remunerations				Variable remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Others	Total	Remunerations of the chairman and BOD	Incentive plans	Others	Total			
First: Non-Executive and Independent Directors:											
1- H.E. Shaikh Salman bin Khalifa Al Khalifa (Chairman)	-	-	-	-	-	-	-	-	-	-	-
2- H.E. Shaikh Mohamed bin Isa Al Khalifa	40,000	6,500	-	46,500	-	-	-	-	-	46,500	-
3- H.E. Mr. Hamad bin Faisal Al Malki	-	-	-	-	-	-	-	-	-	-	-
4- H.E. Mr. Abdulla Adel Fakhro	-	-	-	-	-	-	-	-	-	-	-
5- H.E. Noor bint Ali Al Khulaif	-	-	-	-	-	-	-	-	-	-	-
6- Mrs. Elham Hasan	40,000	5,000	-	45,000	-	-	-	-	-	45,000	-
Second: Non-Executive and non-independent Directors:											
7- Dr. Samer Al Jishi	40,000	7,000	-	47,000	-	-	-	-	-	47,000	-
8. H.E. Mr. Khaled Al Rumaihi	40,000	4,500	-	44,500	-	-	-	-	-	44,500	-
Third: Executive and non-independent Directors:											
9- H.E. Shaikh Abdulla bin Khalifa Al Khalifa (CEO)	-	-	-	-	-	-	-	-	-	-	-
Total	160,000	23,000	-	183,000	-	-	-	-	-	183,000	-

Second: Executive management remunerations details:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2024	Aggregate Amount
Top 6 remunerations for executives, including CEO* and Senior Financial Officer**	1,281,676	685,273	43,925	2,010,965
Note: All amounts stated in Bahraini Dinars. * The highest authority in the executive management of the company ** The company's highest financial officer				

Bahrain Mumtalakat Holding Company B.S.C. (c)
BOARD OF DIRECTORS' REPORT (continued)

Dividend to the shareholder

The Company paid BD 40 million as dividend to the shareholder during 2024 (2023: BD 40 million).

Directors

The following is the list of directors who were in office as of the date of this report:

- H.E. Shaikh Salman bin Khalifa Al Khalifa
- H.E. Shaikh Mohamed bin Isa Al Khalifa
- H.E. Shaikh Abdulla bin Khalifa Al Khalifa
- H.E. Mr. Hamad bin Faisal Al Malki (Appointed in November 2024)
- H.E. Mr. Mohamed bin Thamir Al Kaabi (Until November 2024)
- H.E. Mr. Abdulla Adel Fakhro
- H.E. Mr. Khaled Amer Alrumaihi
- Dr. Samer Al Jishi
- H.E. Noor bint Ali Al Khulaif (Appointed in February 2024)
- Mrs. Elham Hasan
- Mr. Khalid Humaidan (Until January 2024)

By order of the Board of Directors



Salman bin Khalifa Al Khalifa
Chairman



Abdulla bin Khalifa Al Khalifa
Director and Chief Executive Officer

27 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C.(c)

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bahrain Mumtalakat Holding Company B.S.C. (c) ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Report of the Board of Directors, set out on page 1 to 3 other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. 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 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, 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 the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C.(c) (CONTINUED)

Report on the Audit of Consolidated Financial Statements (continued)

Responsibilities of the Board of Directors for the consolidated financial statements (continued)

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.

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 Director's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
BAHRAIN MUMTALAKAT HOLDING COMPANY B.S.C.(c) (CONTINUED)**

Report on the Audit of Consolidated Financial Statements (continued)

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of 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.

Report on other legal and regulatory requirements

- As required by the Bahrain Commercial Companies Law, we report that:
 - a) the Company has maintained proper accounting records and the consolidated financial statements are in agreement therewith;
 - b) the financial information contained in the Report of the Board of Directors is consistent with the consolidated financial statements;
 - c) we are not aware of any violations of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association during the year ended 31 December 2024 that might have had a material adverse effect on the business of the Group or on its consolidated financial position; and
 - d) satisfactory explanations and information have been provided to us by the Group's management in response to all our requests.
- As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - a) has appointed a Corporate Governance Officer; and
 - b) has a board approved written guidance and procedures for corporate governance.



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

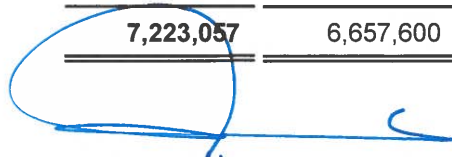
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		31 December 2024 BD '000	31 December 2023 BD '000
	Note		
ASSETS			
Cash and bank balances	3	222,066	203,519
Derivative financial instruments	14	22,414	28,023
Trade receivables, prepayments and other receivables	4	438,650	429,297
Inventories	5	433,901	455,032
Investments carried at fair value through statement of income	6	1,093,097	482,789
Investment in associates and joint ventures	7	911,861	923,728
Investment properties	8	386,360	378,293
Property, plant and equipment	9	2,967,419	3,102,987
Other assets	10	89,662	101,385
Intangible assets	11	5,393	478,204
Goodwill	12	74,343	74,343
Assets held for sale	35	577,891	-
TOTAL ASSETS		7,223,057	6,657,600
LIABILITIES AND EQUITY			
Liabilities			
Borrowings and lease liabilities	13	2,742,610	2,974,187
Derivative financial instruments	14	-	2,816
Trade payable, accruals and other liabilities	15	630,340	836,240
Employees' end of service benefits	16	13,740	12,829
Liabilities directly associated with the assets classified as held for sale	35	644,754	-
Total liabilities		4,031,444	3,826,072
Equity			
Share capital	17	2,000,000	2,000,000
Capital contribution	17	326,016	284,318
Statutory reserve	18	112,880	81,225
Other reserves	19	28,669	18,077
Retained earnings		126,570	13,259
Total equity attributable to owner of the Company		2,594,135	2,396,879
Non-controlling interests		597,478	434,649
Total equity		3,191,613	2,831,528
TOTAL LIABILITIES AND EQUITY		7,223,057	6,657,600



Salman bin Khalifa Al Khalifa
Chairman



Abdulla bin Khalifa Al Khalifa
Director and Chief Executive Officer



Suha S. Karzoon
Managing Director - Finance & Technology

The attached notes 1 to 36 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2024

		2024	2023
		BD '000	BD '000
	<i>Note</i>		
Continuing operations			
Revenue	21	2,233,916	2,135,974
Direct costs	22	(1,805,316)	(1,787,902)
Gross profit		428,600	348,072
Dividend income		11,901	10,010
Fair value gain on investments carried at fair value through statement of income	6	411,918	13,940
Other operating income	23	15,035	2,005
Government assistance	24	12,418	17,849
Selling and distribution expenses		(148,930)	(139,685)
Administrative expenses		(142,560)	(123,548)
Other operating expenses	25	(19,030)	(5,751)
Operating profit		569,352	122,892
Share of profit of associates and joint ventures	7	67,586	70,856
Interest income		8,394	9,480
Interest expense		(192,623)	(185,903)
Fair value gain / (loss) on other financial instruments (net)	14	7,697	(22,800)
Impairment losses	26	(3,325)	(27,730)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		457,081	(33,205)
Income tax credit / (expense) for the year	27	239	(5,736)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		457,320	(38,941)
Discontinued operations			
Loss after tax for the year from discontinued operations	35	(94,453)	(457,726)
PROFIT / (LOSS) FOR THE YEAR		362,867	(496,667)
Attributable to:			
Owner of the Company		316,545	(331,972)
Non-controlling interests		46,322	(164,695)
		362,867	(496,667)



Salman bin Khalifa Al Khalifa
Chairman



Abdulla bin Khalifa Al Khalifa
Director and Chief Executive Officer



Suha S. Karzoon
Managing Director - Finance & Technology

The attached notes 1 to 36 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 BD '000	2023 BD '000
PROFIT / (LOSS) FOR THE YEAR	362,867	(496,667)
Other comprehensive income		
<i>Items that are or may be reclassified to consolidated statement of income in subsequent periods</i>		
Movement in cumulative changes in fair values	(1,721)	(15,098)
Share of changes in equity of associates	14,314	3,344
Foreign currency translation	(1,641)	15,729
<i>Items that will not be reclassified to consolidated statement of income in subsequent periods</i>		
Share of changes in equity of associates	38	4,373
Remeasurement loss on defined benefit plan	(523)	-
Total other comprehensive income for the year	10,467	8,348
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	373,334	(488,319)
Attributable to:		
Owner of the company	327,137	(322,174)
Non-controlling interests	46,197	(166,145)
	373,334	(488,319)

The attached notes 1 to 36 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 BD '000	2023 BD '000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		457,081	(33,205)
Loss before tax from discontinued operations	35	(72,643)	(407,640)
Profit / (loss) before tax for the year		384,438	(440,845)
Adjustments for:			
Depreciation	8,9	240,599	214,668
Amortisation	11	34,395	65,124
Dividend income		(11,901)	(10,010)
Fair value (gain) / loss on other financial instruments		(8,944)	27,133
Fair value gain on investments carried at fair value through statement of income	6	(411,918)	(13,940)
Gain on disposal / transfer of investment properties	8	(1,364)	(300)
Share of profits of associates and joint ventures	7	(67,586)	(70,856)
Impairment losses	26,35	3,325	255,741
Provision for impairment on trade receivables and other receivables	4	1,845	4,315
Provision for impairment of inventories	5	2,465	25,765
Loss on property, plant and equipment	23,25	1,226	1,420
Interest income		(8,822)	(10,114)
Interest expense		219,068	204,348
Employees' end of service benefits	16	4,153	3,199
Others		(6,560)	(3,638)
Operating profit before changes in operating assets and liabilities		374,419	252,010
Changes in operating assets and liabilities:			
Inventories		(55,583)	(5,618)
Trade receivable, prepayments and other receivables		(91,773)	(50,265)
Trade payable, accruals and other liabilities		186,748	184,071
Cash from operating activities		413,811	380,198
Income tax (paid) / received		(2,274)	1,184
Derivative financial instruments		7,349	16,401
Employees' end of service benefits paid	16	(3,590)	(2,375)
Net cash from operating activities		415,296	395,408

The attached notes 1 to 36 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

		2024	2023
	<i>Note</i>	BD '000	<i>BD '000</i>
INVESTING ACTIVITIES			
Investment in associates and joint venture		-	(696)
Purchase of investments carried at fair value through statement of income		(20,648)	(495)
Proceeds from sale of investments carried at fair value through statement of income and other investments		9,698	6,395
Cash acquired on acquisition of a subsidiary		6,051	-
Purchase of property, plant and equipment		(200,497)	(187,372)
Proceeds from disposal of property, plant and equipment		1,783	39,039
Investment in properties	8	(12,968)	(9,136)
Proceeds from sale of investment properties		3,581	1,541
Intangible assets	11	(99,010)	(107,443)
Other assets		(11,162)	(2,928)
Short term deposits		4,654	33,406
Interest received		7,890	6,799
Dividends received		11,901	10,010
Dividends from associates and joint ventures		63,241	60,896
Net cash used in investing activities		(235,486)	(149,984)
FINANCING ACTIVITIES			
Proceeds from borrowings		2,004,287	1,145,246
Repayment of borrowings		(1,850,722)	(1,079,610)
Interest paid		(206,413)	(214,858)
Lease Liabilities payments		(37,524)	(35,419)
Dividend paid to shareholder of the Company	17	(40,000)	(40,000)
Dividend paid to non-controlling interests		(15,064)	(42,869)
Movement in non-controlling interests (net)		117	207
Net cash used in financing activities		(145,319)	(267,303)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,491	(21,879)
Exchange loss on cash and cash equivalent		522	6,350
Cash and cash equivalents at beginning of the year		176,423	191,952
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3	211,436	176,423

The attached notes 1 to 36 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owner of the company						Non-controlling interests	Total equity
	Share capital	Capital contribution	Statutory reserve	Other reserves	Retained earnings	Total		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
	(note 17)	(note 17)	(note 18)	(note 19)				
Balance at 1 January 2023	2,000,000	518,852	81,225	10,921	49,112	2,660,110	645,720	3,305,830
Net loss for the year	-	-	-	-	(331,972)	(331,972)	(164,695)	(496,667)
Other comprehensive income / (loss)	-	-	-	9,798	-	9,798	(1,450)	8,348
Total comprehensive income / (loss)	-	-	-	9,798	(331,972)	(322,174)	(166,145)	(488,319)
Contribution by the shareholder (note 17)	-	97,438	-	-	-	97,438	-	97,438
Dividend paid to shareholder of the parent (note 17)	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(42,869)	(42,869)
Accumulated losses offset against capital contribution (note 17)	-	(331,972)	-	-	331,972	-	-	-
Transfer of fair value gain on preference shares and warrants to to retained earnings (note 19)	-	-	-	(2,642)	2,642	-	-	-
Removal of non-controlling interest relating to a disposal of a subsidiary (note 20)	-	-	-	-	-	-	(759)	(759)
Other movement in non-controlling interests (note 20)	-	-	-	-	1,505	1,505	(1,298)	207
Balance at 31 December 2023	2,000,000	284,318	81,225	18,077	13,259	2,396,879	434,649	2,831,528
Net profit for the year	-	-	-	-	316,545	316,545	46,322	362,867
Other comprehensive income / (loss)	-	-	-	10,592	-	10,592	(125)	10,467
Total comprehensive income	-	-	-	10,592	316,545	327,137	46,197	373,334
Contribution by the shareholder (note 17)	-	41,698	-	-	-	41,698	-	41,698
Dividend paid to shareholder of the parent (note 17)	-	-	-	-	(40,000)	(40,000)	-	(40,000)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(15,064)	(15,064)
Transfer to statutory reserve (note 18)	-	-	31,655	-	(31,655)	-	-	-
Acquisition of non-controlling interests of a subsidiary (note 20)	-	-	-	-	(131,234)	(131,234)	131,234	-
Other movement in non-controlling interests (note 20)	-	-	-	-	(345)	(345)	462	117
Balance at 31 December 2024	2,000,000	326,016	112,880	28,669	126,570	2,594,135	597,478	3,191,613

The attached notes 1 to 36 form part of these consolidated financial statements.

1 REPORTING ENTITY

Bahrain Mumtalakat Holding Company B.S.C. (c) ("the Company"), a closed Bahraini Joint Stock Company, was incorporated in the Kingdom of Bahrain by Royal Decree number 64 of 2006 and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 61579, on 29 June 2006. The Company operates as an investment company. The postal address of the Company's registered office is P.O. Box 820, Manama, Kingdom of Bahrain.

The Company is fully owned by the Government of the Kingdom of Bahrain ("the shareholder") through the Ministry of Finance and National Economy. The Company acts as the investment arm of the Kingdom of Bahrain.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2025.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at fair value through the statement of income. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortised cost, are adjusted to record changes in fair values attributable to risks that are being hedged.

The consolidated financial statements are presented in Bahraini Dinars, being the functional and presentational currency of the Company and are rounded to the nearest thousand (BD '000).

2.1 Statement of compliance

The consolidated financial statements of the Company and its subsidiaries (together "the Group") have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards), and in conformity with the Bahrain Commercial Companies Law.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The Company has the following significant subsidiaries:

<i>Name</i>	<i>% Ownership as at 31 December</i>	<i>Effective date of control</i>	<i>Principal activity</i>
Aluminium Bahrain B.S.C. (Alba)	2024: 69.38% 2023: 69.38%	29 June 2006	Owns and operates a primary aluminium smelter and the related infrastructure.
Bahrain Real Estate Investment Company (EDAMAH) B.S.C. (c)	2024: 100.00% 2023: 100.00%	29 June 2006	Developing, leasing and managing investment properties.
Gulf Air Group Holding B.S.C. (c)	2024: 100.00% 2023: 100.00%	2 February 2010	Investment holding company.
McLaren Group Limited	2024: 100.00% 2023: 59.91%	20 July 2017	Engaged in design, development, manufacture and sale of high performance sport cars. In addition, it owns and operates the McLaren racing brand and related businesses.

2 BASIS OF PREPARATION (continued)**2.2 Basis of consolidation (continued)**

Gulf Air Group Holding B.S.C. (c) has the following significant wholly owned subsidiaries:

<i>Name</i>	<i>Effective date of control</i>	<i>Activity</i>
Bahrain Airport Company B.S.C. (c)	17 January 2008	Managing airport facilities, airplanes ground services and airport surrounding area development.
Gulf Air B.S.C. (c)	5 May 2007	Transportation of passengers and freight on a scheduled and charter basis.
Gulf Handling Company W.L.L.	10 August 2017	Cargo clearance.

On 22 March 2024, the Group completed a capital reorganisation of McLaren Group Limited. The capital reorganisation involved the conversion of all preference shares into ordinary shares, resulting in Mumtalakat taking full ownership of the share capital of McLaren Group Limited.

The Company's ownership in McLaren Group Limited at 31 December 2024 is 100% (31 December 2023: 59.91%). McLaren Group Limited has the following significant wholly owned subsidiary:

<i>Name</i>	<i>Effective date of control</i>	<i>Activity</i>
McLaren Automotive Limited	20 July 2017	Manufacturing and sale of high end sport cars.

All of the subsidiaries above are incorporated and principally operate in the Kingdom of Bahrain except McLaren Group Limited which is incorporated in the United Kingdom.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

2 BASIS OF PREPARATION (continued)

2.2 Basis of consolidation (continued)

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

All material intra-group balances and transactions, including material unrealised gains and losses on transactions and dividends, between Group companies have been eliminated on consolidation.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group using consistent accounting policies.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the parent shareholder's equity. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance. 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 New and amended standards and interpretations effective as of 1 January 2024

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Group as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current:* In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current.
- *Amendments to IAS 7 and IFRS 7 – Disclosures - Supplier Finance Arrangements:* In May 2023, the IASB issued these amendments to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback:* In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The adoption of these standards and amendments did not have any effect on the Group's consolidated financial statements.

2.4 Standards and interpretations issued but not yet effective

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

- *Amendments to IAS 21 – Lack of exchangeability:* In August 2023, the IASB issued these amendments to IAS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025;

2 BASIS OF PREPARATION (continued)

2.4 Standards and interpretations issued but not yet effective (continued)

- *Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments:* In May 2024, the IASB issued these amendments which:
 - i) Clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
 - ii) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
 - iii) Clarify the treatment of non-recourse assets and contractually linked instruments.
 - iv) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that refer a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026;

- *IFRS 18 – Presentation and Disclosure in Financial Statements:* In April 2024, the IASB issued this standard which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of income. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The standard will be effective for annual reporting periods beginning on or after 1 January 2027;
- *IFRS 19 – Subsidiaries without Public Accountability – Disclosures:* In May 2024, the IASB issued this standard which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRSs. The standard will be effective for annual reporting periods beginning on or after 1 January 2027; and
- *Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:* In December 2015, the IASB issued these amendments which clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The effective date for adoption of these amendments has deferred indefinitely.

The management is currently assessing the impact of the above standards on the consolidated financial statements of the Group.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances, deposits held at call with banks and other short-term deposits with an original maturity of three months or less, net of outstanding overdrafts and excluding amounts under lien and restricted bank accounts.

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient which are measured at the transaction price determined under IFRS 15, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a debt financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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.

The Group's financial assets include 'investments carried at fair value through statement of income', 'derivative financial instruments', 'cash and bank balances', certain loans and deposits included in 'other assets' and 'trade receivables and other receivables'.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains or losses upon derecognition (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of income when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, other receivables, bank balances and deposits.

Financial assets classified as fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as FVTPL, unless the Group designates an investment that is not held-for-trading as fair value through other comprehensive income (FVOCI) on initial recognition.

Debt instruments that do not meet the amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at fair value through profit or loss. A debt instrument may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising gains or losses on them on different basis. The Group designated its debt instruments as FVTPL.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as FVTPL on initial recognition is not allowed.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income.

Interest income on debt instruments designated as FVTPL is included in the consolidated statement of income.

Dividend income on investments in equity instruments measured at FVTPL is recognised in the consolidated statement of income when the Group's right to receive the dividends is established.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group elects (on an instrument-by-instrument basis) to designate its investments in certain equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held-for-trading.

A financial asset is held-for-trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVOCI) (continued)

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in the consolidated statement of comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss cannot be reclassified to the consolidated statement of income on disposal of the investments.

Dividends are recognised in the consolidated statement of income when the right of receipt has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such proceeds are reduced from the value of the investment. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised 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.

On derecognition of a financial asset measured at amortised cost or at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

On derecognition of a financial asset that is classified as FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the consolidated statement of income, but is reclassified to retained earnings.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments, except for those classified as FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, bank balances, contract assets and lease rental receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are initially classified as financial liabilities at amortised cost and measured at fair value net of transaction cost. The Group's financial liabilities include loans and borrowings, retentions payable, a portion of trade and other payables and bank overdrafts.

Subsequent measurement

Financial liabilities within the scope of IFRS 9 are subsequently measured at amortised cost using the EIR.

Financial liabilities at amortised cost

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Trade and other payables

Liabilities for trade and other payables are subsequently measured at amortised 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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, such as interest rate swaps, foreign exchange contracts and forward commodity futures, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. 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:

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Derivative financial instruments and hedging activities (continued)

- 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.

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 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 income.

Offsetting of financial instruments

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

Amortised cost of financial instruments

The EIR is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Fair value measurement

The Group measures financial instruments, such as, investments carried at fair value through profit or loss at fair value at each reporting date.

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 an asset or transfer a liability takes place either in the principal market, or in the absence of a principal market, in the most advantageous market. The principal market or most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; investments in managed funds are based on net asset values, and;

This includes valuation of derivatives which are not traded in an active market such as commodity options, interest rate collars and swaps etc. for which fair values are determined by valuation techniques carried out by counterparties.

Forward foreign exchange contracts for which fair values are determined using forward exchange market rates at the reporting date with the same maturity.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For equity investments that are not quoted in an active market, fair valuation is based primarily on market multiples of comparable companies which are quoted.

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.

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.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition.

Costs incurred in bringing each product to its current location and condition are accounted for, as

Raw Material:	Purchase cost on a weighted average basis.
Finished Goods and work in progress:	cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
Spares:	Purchase cost calculated on a weighted average basis after making due allowance for any obsolete items.

Net realisable value is based on estimated selling price, less any further costs expected to be incurred on completion and disposal.

Racing cars are expected to be used for one season. All expenditure on the production and maintenance of such cars is charged to the consolidated statement of income during the racing season in which the racing car is used. Costs incurred in preparing a racing car is recognised as an asset and charged in the period in which the corresponding racing occurs and benefit is derived.

The Group carries forward to the following year certain development costs incurred in the current year which relate to the production of next season's racing car.

Investment in associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine the control over subsidiaries. The Group's investment in its associates and joint ventures, other than those held and managed by the Company's venture capital vertical that are measured as fair value through statement of income, are accounted for using the equity method of accounting.

Under the equity method, the investment in the associate or a joint venture is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not amortised. The consolidated statement of income reflects the share of the results of operations of the associate or joint venture. Where there has been a change recognised directly in the other comprehensive income of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income. Profits and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Investment in associates and joint venture (continued)

Gains or losses on partial disposal of interest that does not result in a loss of significant influence on associates or joint venture is recognised in the consolidated statement of income and a proportionate amount of gain or loss previously recognised in other comprehensive income is reclassified to the consolidated statement of income.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated statement of income.

The financial statements of the associates or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investments in associates and joint ventures held and managed by venture capital vertical

During the year the Company formed a venture capital vertical to acquire minority stakes in various companies, including associates and joint ventures. Certain existing investments in associates and joint ventures were transferred to venture capital vertical to align with the business plan and business model. The Group's strategy aims to exit these investments over the medium term to generate capital appreciation. These investments are managed by a separate team and the performance of these investments are monitored and measured on a fair value basis. The Group's investments, including investments in associates and joint ventures, held and managed through venture capital vertical are classified as investments carried at fair value through statement of income.

Investment properties

Property that is held to earn long term rentals or for capital appreciation or both, and that is not occupied by any member of the Group is classified as investment property. Investment properties comprise land and buildings. Investment properties are initially measured at cost, including transaction

Contribution from the Shareholder in the form of ready-to-use land and/ or building is recognised upon transfer of rights and obligations of the property to the Group evidenced by registration of the title deed of the property in the Group's favour. Contributions other than those in form of ready-to-use assets (e.g. unreclaimed land plots) are recognised when the intended future use is confirmed, evidenced by conceptualization and approval of master plan, awarding of contracts and commencement of reclamation to bring the asset to the intended shape, form and use.

After initial recognition, the investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis over the estimated useful lives of 30 years. No depreciation is provided on freehold land.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenses are included in the consolidated statement of income when incurred.

Investment property under construction is treated as investment property based on IAS 40.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of income in the year of retirement or disposal.

2 BASIS OF PREPARATION (continued)**2.5 Material accounting policy information (continued)****Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Land and assets in the process of completion are not depreciated. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

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

	<i>Useful lives (years)</i>
Buildings and leasehold improvements	Lease term or 35 years, whichever is shorter
Aircraft and operating ground equipment	5 - 18
Plant, machinery and equipment	3 - 25
Motor vehicles	4 - 5
Furniture and office equipment	5

Assets in the process of completion are transferred to the relevant type of property, plant and equipment when the asset is ready to be put into commercial use.

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the related item of property, plant and equipment. All other maintenance expenditure is recognised in the consolidated statement of income as the expense is incurred.

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 income when the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Intangible assets (continued)

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Where factors such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level, if it is not possible to estimate the recoverable amount of the individual asset. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the expenditure is separately identifiable;
- the outcome of the project can be assessed with reasonable certainty; and
- aggregate costs are not expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Intangible asset - product development costs

Development costs incurred on new car programmes include materials, direct labour and the cost of work outsourced to third parties. Development costs on each car programme are capitalised up to the point at which the vehicle is formally handed over to production, which normally occurs 90 days following the first vehicle being produced. The intangible asset including development costs is amortised over the sales life-cycle volumes of the associated car programme, in accordance with the

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of income as it is incurred. Amortisation is recorded in direct costs. During the period of development, the asset is tested for impairment annually.

Intangible asset - IT systems development costs

IT infrastructure expenditure is capitalised and amortised over 3-10 years from the date of implementation.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Heritage assets

The Group has a collection of heritage vehicles, made up of a number of racing cars, F1 road cars, historic vehicles and spare F1 racing monocoques. Heritage assets are recorded at cost less accumulated impairment losses. These assets are accounted for at the fair value being the cost on the date of acquisition. Subsequently, these assets are carried at cost less impairment.

The vehicles are maintained by the business on a regular basis with maintenance costs being charged to the consolidated statement of income when incurred. The cars are deemed to have indeterminate lives and the directors do not therefore consider it appropriate to charge depreciation.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, fair value of previously held interest, if any and the amount recognised for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Impairment of non-financial assets

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 estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's 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 groups 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable at the reporting date. For the aircraft, the Group assesses impairment on the basis of independent external valuations.

Goodwill

The Group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually as at 31 December, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Associates and joint ventures

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associates and joint ventures. The Group determines at each reporting date whether there is any objective evidence that the investment in associates and joint ventures is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the associates and joint ventures and recognises the amount in the consolidated statement of income.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Impairment of non-financial assets (continued)

Investment properties

The investment properties are assessed for impairment at each reporting date. The valuation methods followed are summarised below:

- Vacant land: these are measured based on residual method where there is potential economic development or recent comparable transaction prices.
- Ground lease land: these are measured by taking into account the potential future income, as per lease agreements in place and the value of the asset to the Group on expiry of the lease. The income is discounted to present value.

The value of the property to the Group on expiry of the lease term is assessed either assuming that the property will be in a good condition to generate rental income in which case a capital future income method is used or the property would be considered as a redevelopment site.

If the recoverable value of the investment properties falls below the carrying amount, the difference is recognised as impairment losses in the consolidated statement of income.

Employee benefits

Bahraini nationals

For Bahraini nationals, the Group makes contributions to the Social Insurance Organisation (SIO) Scheme. This is a funded defined contribution scheme and the Group's contributions are charged to the consolidated statement of income in the year to which they relate. The Group's obligations are limited to the amounts contributed to the Scheme. In addition, the Group also provides for end of service benefits to certain Bahraini nationals whose salaries exceed a certain limit as stipulated in the Bahrain Labour Law.

Other benefits

Employees' other benefits such as housing, annual leave, air passage and other short-term benefits are recognised as they accrue to the employees.

End of service benefits

For non-Bahraini employees, the Group provided for end of service benefits in accordance with the Bahrain Labour Law based on their salaries at the time of end of contract period of two years service. Under new end of service benefits system for non-Bahraini employees, effective from 1 March 2024, the Group is required to pay the monthly end of service contributions to SIO calculated as a percentage of the employees' updated salaries in the SIO portal. The Group continues to make end of service payments every two years, and any accrued amounts will be paid to the employee when the employee leaves the Group.

The monthly percentage to be collected by the SIO for the end-of-service benefits will be as follows:

- 4.2% per month in the first three years of employment; half a month's wage per year.
- 8.4% per month for each subsequent year of employment after initial three years; one month's wage per year.

Pension for overseas employees

One of the Group's overseas subsidiaries pays contributions to personal pension scheme, with the costs being charged to the statement of income. For defined benefit scheme the amount charged to the statement of income in respect of pension costs and other retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and the contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Leases

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

- the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

(i) Group as a lessee:

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and to account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct cost incurred by the lessee; and
- estimated cost to dismantle and to remove the underlying asset, or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined based on the lease term.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Leases (continued)

(i) Group as a lessee: (continued)

- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less (including IT equipment) and for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Group as a lessor:

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

At the commencement date, the Group recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease, based on a pattern reflecting a constant periodic rate of return.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

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.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Bahraini Dinars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Bahraini Dinars at the exchange rate ruling at the reporting date. All exchange gains and losses are taken to the consolidated statement of income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date 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. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Translation gains or losses on non-monetary available-for-sale items carried at fair value are included in other comprehensive income as part of the fair value adjustment on available-for-sale investments, unless part of an effective hedging strategy.

The assets and liabilities of foreign operations are translated into Bahraini Dinars at the rate of exchange ruling at the reporting date and their statement of income items are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of income.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

1. Sale of metals and other products

Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts for the sale of goods provide customers with volume discounts. The volume discounts give rise to variable consideration.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Revenue recognition (continued)

1. Sale of metals and other products (continued)

Volume discounts

The Group provides retrospective volume discounts to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Discounts are offset against amounts payable by the customer. To estimate the variable consideration for the expected future discounts, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future discounts.

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Where the Group receives an advance from a customer in consideration for the sale of aluminum over a period exceeding 12 months, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

2. Passenger and freight revenue

Revenue is recognised when control of the services are transferred to the customer (upon uplift of aircraft) at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services excluding taxes or duty, if any. Sale of passenger tickets and cargo airway bills are recognised as revenue, net of revenue attributable to the award of frequent flyer benefits, when the transportation service is provided. Other revenue is recognised at the time the service is provided.

Unearned revenue

Sale of passenger tickets and cargo airway bills are initially recorded as unearned revenue. The value of passenger and cargo tickets sold but which have remained unused for more than 18 months, or are utilised or expired as per the terms of the ticket sold, is accounted for as revenue.

Commissions, incentives, reservation and other costs

Commissions, incentives, reservations and other personalised service costs are charged as expenditure when the revenue to which they relate is earned.

3. Sale of motor vehicles

Revenue from sale of vehicles, including heritage cars is recognised when the control of the vehicles have passed to the customer, which is normally considered to be the point of dispatch to the dealer, when the car is imported into the destination country or when the vehicles are received by the dealer.

Where a customer has purchased a package including race events, revenue for the vehicle is recognised when the car is made available to the customer. Revenue for each event is recognised once the event has taken place.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

3. Sale of motor vehicles (continued)

Sponsorship fees and motor car racing

Sponsorship income is deferred and is recognised in the consolidated statement of income over the period in which the Group performs its obligations under the sponsorship contract.

Other motor racing revenue is recognised when the Group has performed its obligations in order to earn the revenue.

In certain cases, the Group enters into agreements with suppliers whereby goods and services are received in exchange for various sponsorship and marketing activities. In such cases, revenue is recorded at the fair value of the goods or services rendered.

Contracts for supply of goods or services

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Direct costs

Direct costs are recognised at the same time as the revenue to which they relate.

Other revenue

Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

Interest income

Interest income is recognised based on effective interest rates.

Maintenance costs

Leased aircraft and components are recorded by the Group as per the terms of the underlying lease agreements in accordance with IFRS 16. Under the terms of the lease agreements, it is the Group's contractual obligation to carry out the necessary overhauls and maintenance work, in order for it to return the leased asset to the lessor in a maintained conditions as specified in the lease agreements on the expiry of the lease period.

The estimated future cost of the major overhauls of leased aircraft and components is recorded in profit or loss by making appropriate charges calculated by reference to the number of hours or cycles operated during the year.

In case there are changes in the initially recorded estimates of maintenance costs and the actual costs incurred on the maintenance of the leased assets, the changes in the estimate will be recorded prospectively over the remaining lease period.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (continued)

Government assistance

Government assistance is recognised where there is reasonable assurance that the assistance will be received and all attached conditions are complied with. When the assistance relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the assistance relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government assistance that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the consolidated statement of income in the period in which they become receivable.

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 respective assets. All other borrowing costs are expensed in the period in which they occur.

Taxes

There is no tax on corporate income in the Kingdom of Bahrain. Taxation on foreign operations is provided for in accordance with the taxation laws of the countries where the Group operates.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1 September 2024 introducing a domestic minimum top-up tax ('DMTT') of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Company's assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules. Accordingly, the Company does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year. Refer note 36 for details.

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 equity is recognised in equity and not in the consolidated statement of 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 BASIS OF PREPARATION (continued)

2.5 Material accounting policy information (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; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 income is not recognised in the consolidated statement of income. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the consolidated statement of income.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

2 BASIS OF PREPARATION (continued)**2.5 Material accounting policy information (continued)****Assets held for sale and discontinued operations**

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in note 35.

3 CASH AND BANK BALANCES

	2024	2023
	BD '000	BD '000
Cash and current accounts with banks	83,961	119,445
Call deposits	73,082	50,030
Term deposits	65,023	34,044
Cash and bank balances	222,066	203,519
Bank balances under lien, and term deposits with an original maturity of more than three months	(14,321)	(12,548)
Bank overdrafts (note 13.1)	(12,406)	(14,548)
Cash at banks attributable to discontinued operations (note 35)	16,097	-
Cash and cash equivalents as per the consolidated statement of cash flows	211,436	176,423

The majority of the cash and bank balances, and call and term deposits are denominated in Bahraini Dinars, US Dollars and GB Pounds. As at 31 December 2024, the effective interest rate on call deposits was 2.35% (2023: 3.02%) per annum and term deposits was 4.21% (2023: 4.73%) per annum. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the relevant banks.

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4 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	BD '000	BD '000
Trade receivables (net of allowance for ECL)	281,762	300,618
Prepayments	54,383	56,221
Other receivables, net of impairment	102,505	72,458
	438,650	429,297

The movements in the allowance for ECL on trade receivables were as follows:

	2024	2023
	BD '000	BD '000
Balance at beginning of the year	23,201	30,900
Charge for the year, net	1,845	4,315
Amount written off during the year	(794)	(12,014)
Transfer to assets held for sale	(1,690)	-
Balance at end of the year	22,562	23,201

The ageing analysis of trade receivable (net of allowance for ECL) is as follows:

	<i>Total</i>	<i>Current</i>	<i>Past due</i>				<i>>120 days</i>
			<i>< 30 days</i>	<i>31 – 60</i>	<i>61 – 90</i>	<i>91 – 120</i>	
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>days</i>	<i>days</i>	<i>days</i>	<i>BD '000</i>
2024	281,762	214,578	48,618	10,891	3,018	3,431	1,226
2023	300,618	199,205	58,017	17,436	4,502	6,383	15,075

Trade receivables (net of allowance for ECL) and other receivable are expected, on the basis of previous experience, to be fully recoverable.

5 INVENTORIES

	2024	2023
	BD '000	BD '000
Raw materials	85,820	144,931
Work in progress	91,599	107,403
Finished goods	143,422	137,115
Store, spare parts and consumables	59,788	61,564
Goods in transit	60,591	53,247
	441,220	504,260
Provision for impairment of inventories	(7,319)	(49,228)
	433,901	455,032

5 INVENTORIES (continued)

The movements in provision for impairment on inventories were as follows:

	2024	2023
	BD '000	BD '000
Balance at beginning of the year	49,228	24,239
Charge for the year, net	2,465	25,765
Transfer to assets held for sale	(11,268)	-
Inventories written off during the year	(33,106)	(776)
Balance at end of the year	7,319	49,228

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH STATEMENT OF INCOME

	2024	2023
	BD '000	BD '000
Equities- quoted	29,824	19,563
Equities- unquoted	972,459	372,586
Debt securities- unquoted	1,358	1,359
Managed funds	89,456	89,281
	1,093,097	482,789

Quoted equities are fair valued based on market bid prices at the close of business on the reporting date or based on valuation techniques if market prices are not relevant due to inactive markets. These are classified under level 1 fair value hierarchy or included in level 3 hierarchy based on the valuation technique. Managed funds are fair valued based on net asset values quoted by the fund manager. Managed funds with underlying quoted securities are included in level 2 fair value hierarchy and private equity and debt funds are included in level 3 fair value hierarchy. Refer to note 31 for disclosure of fair value hierarchies.

The fair value of unquoted equities are primarily based on market multiples of comparable companies, recent transaction prices and net asset values using Level 3 inputs.

Fair value gain on investments carried at fair value through statement of income recognised during the year ended 31 December 2024 is BD 411,918 thousand (2023: BD 13,940 thousand).

7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	2024	2023
	BD '000	BD '000
Investment in associates	872,423	854,259
Investment in joint ventures	39,438	69,469
	911,861	923,728

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7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)**(i) Share of profit of associates and joint ventures**

	2024	2023
	BD '000	BD '000
Share of profit of associates	67,562	66,752
Share of profit of joint ventures	24	4,104
	67,586	70,856

(ii) The Group has the following significant associates at 31 December 2024 and 2023:

<i>Associate</i>	<i>Country of incorporation and operation</i>	<i>Principal activities</i>	<i>% Ownership</i>
Bahrain Telecommunications Company B.S.C. (Beyon)	Kingdom of Bahrain	Providing telecom services	36.67%
National Bank of Bahrain B.S.C. (NBB)	Kingdom of Bahrain	Banking	44.06%

(iii) Summarised financial information of material associates

Summarised financial information in respect of the material associates is set out below. The summarised financial information below represents amounts reported in the associates' audited financial statements prepared in accordance with IFRS Accounting Standards.

	<i>Beyon</i>		<i>NBB</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
Total assets	1,256,009	1,165,365	5,522,200	5,372,500
Total liabilities	(634,176)	(582,822)	(4,925,200)	(4,795,300)
Net assets	621,833	582,543	597,000	577,200
Revenue	459,985	424,904	191,700	184,000
Net profit for the year	81,019	79,790	79,800	78,400
Other comprehensive income for the year	27,596	19,574	9,100	(4,300)
Total comprehensive income for the year	108,615	99,364	88,900	74,100
Dividend received during the year	23,784	19,820	29,951	32,674

(iv) Share of net assets and carrying value of investments:

	<i>Beyon</i>		<i>NBB</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
Group's share of the net assets	206,907	195,198	257,222	248,939
Goodwill	66,289	66,289	122,716	122,716
Other adjustments	(9)	106	(2,191)	(2,642)
Carrying value of investments	273,187	261,593	377,747	369,013

7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)**(v) Market values**

NBB and Beyon are listed on the Bahrain Bourse. The market values of the Group's share based on quoted prices at 31 December 2024 were BD 489,232 thousand (2023: BD 594,067 thousand) and BD 302,508 thousand (2023: BD 301,898 thousand) respectively.

(vi) Commitments and contingencies of material associates

The Group's share of the commitments and contingencies of Beyon and NBB as at 31 December 2024 were BD 39,347 thousand (2023: BD 28,603 thousand) and BD 326,441 thousand (2023: BD 353,273 thousand) respectively.

(vii) Aggregate information of associates that are not individually material

	2024	2023
	BD '000	BD '000
Group's share of profit for the year (net)	7,358	7,634
Group's share of other comprehensive income for the year (net)	224	2,434
Group's share of total comprehensive income for the year (net)	7,582	10,068
Aggregate carrying value of Group's investment in these associates	221,489	223,653

(viii) Aggregate information of joint ventures that are not individually material

	2024	2023
	BD '000	BD '000
Group's share of profit and total comprehensive income for the year (net)	24	4,104
Aggregate carrying value of Group's investment in these joint ventures	39,438	69,469

(ix) Impairment losses

The Group determines at each reporting date whether there is any indication of impairment as defined in IAS 36 'Impairment of Assets'. Accordingly, the Group performed impairment tests on certain investments in associates as at 31 December 2024. In order to reasonably assess the recoverable amount of the associate, the Group used market valuation based on discounted cash flows and trading multiples (EV/EBITDA) of comparable companies, using level 3 inputs.

Based on the impairment tests, the carrying value of an associate exceeded the recoverable amount and accordingly impairment losses of BD 3,325 thousand (2023: BD 979 thousand) have been recognised in the consolidated statement of income (note 26).

(x) Contingencies of associates that are not individually material

The Company has 33.33% ownership interest in Hawar Holding Company (Hawar) which owns 20% of the issued share capital of Beyon. The 20% shares of Beyon owned by Hawar is pledged to a financial institution as a security against loans originally obtained by Hawar for the purpose of financing the acquisition of the said shares. The market value of the pledged shares as of 31 December 2024 was BD 164,989 thousand (2023: BD 164,657 thousand). The loan outstanding as of 31 December 2024 was BD 36,848 thousand (2023: BD 48,880 thousand). The terms of the loan agreement require that in the event of default in payment by Hawar, the shareholders of Hawar will be liable to repay the loan amount. The loan is maturing in March 2027.

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8 INVESTMENT PROPERTIES

	<i>Freehold land</i> <i>BD '000</i>	<i>Buildings</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Cost:			
Balance at 1 January 2024	348,615	33,772	382,387
Additions	83,156	12,968	96,124
Disposals	(84,959)	(62)	(85,021)
Other movement *	-	(2,162)	(2,162)
At 31 December 2024	346,812	44,516	391,328
Accumulated depreciation:			
Balance at 1 January 2024	-	4,094	4,094
Charge for the year	-	904	904
Disposals	-	(30)	(30)
At 31 December 2024	-	4,968	4,968
Net carrying amount:			
At 31 December 2024	346,812	39,548	386,360
	<i>Freehold land</i> <i>BD '000</i>	<i>Buildings</i> <i>BD '000</i>	<i>Total</i> <i>BD '000</i>
Cost:			
Balance at 1 January 2023	358,820	65,287	424,107
Additions	-	9,136	9,136
Transfer from Property, Plant and Equipment	3,947	-	3,947
Disposals	(1,241)	-	(1,241)
Impairment losses (note 26)	-	(8,189)	(8,189)
Movement due to sale of a subsidiary	(12,911)	(32,462)	(45,373)
At 31 December 2023	348,615	33,772	382,387
Accumulated depreciation:			
Balance at 1 January 2023	-	8,228	8,228
Charge for the year	-	1,551	1,551
Movement due to sale of a subsidiary	-	(5,685)	(5,685)
At 31 December 2023	-	4,094	4,094
Net carrying amount:			
At 31 December 2023	348,615	29,678	378,293

* During the year, an amount of BD 53 thousand was reversed relating to unpaid retention payable to a contractor and an amount of BD 2,109 thousand has been reclassified to other assets.

Buildings include properties under construction of BD 23,103 thousand (2023: BD 17,705 thousand).

During the year, six plots of land with a net book value of BD 82.8 million related to a subsidiary were transferred to the Government of Bahrain. As compensation in kind, the Government of Bahrain transferred twenty-five plots of land to the subsidiary. These plots were recognised at fair value on the date of transfer, amounting to BD 83.1 million, as assessed by independent accredited valuers. As this transaction is with the shareholder, net increase in land value of BD 322 thousand was recognised as an in-kind contribution from the shareholder in the statement of changes in equity (note 17).

8 INVESTMENT PROPERTIES (continued)

During the year, there was a net gain of BD 1,364 thousand (2023: BD 300 thousand) from the disposal of investment properties which is included in other operating income (note 23).

During 2023, the Group exited its investment in Lash HQ L.L.C. which held an investment property with a carrying value of BD 39,688 thousand as at the exit date (note 20).

The Group evaluates the recoverable amount of the properties as at the reporting date based on the following methods:

- Vacant land - residual method and comparable prices;
- Ground lease land - assessed taking into account the potential future income, as per lease agreements in place and the value of the asset to the Group on expiry of the lease, all of which is discounted to present value.

The asset value to the Group on expiry of the lease has been assessed either assuming that the property would be in a good condition to generate rental income in which case a capital future income method is used or the property would be considered as a redevelopment site.

The valuation methods also factor the existing and/or prospective use and zoning/urban planning requirements, and restrictions such as current limited market demand, restrictions of the property itself (e.g. no access to the site), existing ground leases, existing tenancies, etc.

The fair value of the investment properties at 31 December 2024 was BD 398,120 thousand (2023: BD 400,278 thousand). This comprises of properties with fair value of BD 362,506 thousand (2023: BD 387,168 thousand) determined by independent appraisers and properties with fair value of BD 35,614 thousand (2023: BD 13,110 thousand) determined internally, based on level 3 inputs using valuation methodologies discussed above. There has been no change in the valuation methodologies during the year as compared to previous year.

There was no impairment loss recognised on investment properties in the consolidated statement of income for the year ended 31 December 2024 (2023: BD 8,189 thousand) (note 26).

The investment properties comprise of a diversified portfolio of properties. Since the valuations are based on various assumptions such as marketability, lease term, rentals, discount rate etc., computation of the sensitivity of the valuation to reasonably possible changes in the assumptions used is neither practicable nor relevant.

Investment properties of BD 100,864 thousand (2023: BD 100,461 thousand), are leased out under operating leases. Rental income from such investment properties included in revenue amount to BD 6,611 thousand (2023: BD 8,873 thousand) and the related expenses amount to BD 1,045 thousand (2023: BD 1,772 thousand).

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

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9 PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i>	<i>Buildings and leasehold improvements</i>	<i>Aircraft and operating ground equipments</i>	<i>Plant, machinery and equipment</i>	<i>Motor vehicles</i>	<i>Furniture and office equipment</i>	<i>Assets in the process of completion</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cost:								
At 1 January 2024	65,148	624,364	1,091,368	2,493,145	20,542	112,873	282,998	4,690,438
Additions	1,174	7,382	5,176	9,766	6,600	4,542	179,742	214,382
Foreign currency adjustments	(23)	(1,200)	-	(50)	(2)	(79)	(71)	(1,425)
Transfer to assets held for sale	(1,391)	(94,223)	-	(26,282)	(967)	(29,204)	(4,422)	(156,489)
Transfers/reversals, net	17,252	(10,443)	65,806	73,122	324	3,413	(151,475)	(2,001)
Disposals and write offs	-	(10,670)	(1,222)	(17,475)	(257)	(1,674)	(1,845)	(33,143)
At 31 December 2024	82,160	515,210	1,161,128	2,532,226	26,240	89,871	304,927	4,711,762
Accumulated depreciation:								
At 1 January 2024	2,253	136,194	251,661	1,096,265	15,949	85,129	-	1,587,451
Charge for the year	1,144	25,438	83,640	113,251	5,586	10,636	-	239,695
Transfer to assets held for sale	-	(12,915)	-	(23,018)	(817)	(24,822)	-	(61,572)
Transfers/reversals, net	-	-	-	-	-	(31)	-	(31)
Relating to disposals and write offs	-	(2,755)	(885)	(15,814)	(232)	(1,514)	-	(21,200)
At 31 December 2024	3,397	145,962	334,416	1,170,684	20,486	69,398	-	1,744,343
Net carrying amount:								
At 31 December 2024	78,763	369,248	826,712	1,361,542	5,754	20,473	304,927	2,967,419

Additions include right-of-use assets of BD 81,258 thousand acquired under leases during the year.

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

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9 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land</i>	<i>Buildings and leasehold improvements</i>	<i>Aircraft and operating ground equipments</i>	<i>Plant, machinery and equipment</i>	<i>Motor vehicles</i>	<i>Furniture and office equipment</i>	<i>Assets in the process of completion</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Cost:								
At 1 January 2023	49,853	572,662	753,300	2,462,052	25,437	105,419	296,998	4,265,721
Additions	19,844	32,330	-	14,369	1,174	3,508	390,346	461,571
Foreign currency adjustments	-	5,265	-	158	13	170	168	5,774
Transfers/reversals, net	(4,549)	14,336	358,520	32,375	(4,006)	17,307	(404,368)	9,615
Disposals and write offs	-	(229)	(20,452)	(15,809)	(2,076)	(13,531)	(146)	(52,243)
At 31 December 2023	65,148	624,364	1,091,368	2,493,145	20,542	112,873	282,998	4,690,438
Accumulated depreciation:								
At 1 January 2023	2,288	120,453	211,755	991,452	18,389	86,001	-	1,430,338
Charge for the year	419	28,310	54,128	115,912	2,614	11,734	-	213,117
Transfers/reversals, net	(454)	(12,462)	-	1,179	(3,304)	(504)	-	(15,545)
Relating to disposals and write offs	-	(107)	(14,222)	(12,278)	(1,750)	(12,102)	-	(40,459)
At 31 December 2023	2,253	136,194	251,661	1,096,265	15,949	85,129	-	1,587,451
Net carrying amount:								
At 31 December 2023	62,895	488,170	839,707	1,396,880	4,593	27,744	282,998	3,102,987

Additions include right-of-use assets of BD 21,644 thousand acquired under leases during the year.

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9 PROPERTY, PLANT AND EQUIPMENT (continued)*(i) Assets on lease*

Aluminium Bahrain B.S.C. ("Alba") uses land leased from the Government and from The Bahrain Petroleum Company B.S.C. (c). These leases are rent free. In addition, land used by Alba for the construction of Line 6 is also leased from the Government for 25 years effective 1 July 2014. This rate is subject to change every five years based on the circular issued by the Government. This lease has been presented as part of a right-of-use asset under property, plant and equipment.

Bahrain Airport Company B.S.C. (c) ("BAC") entered into an agreement with the Ministry of Finance and National Economy effective 3 March 2009 to lease the airport land, installations, structures, terminal building and runway for 100 years at a rent of BD 1 per annum. On 4 June 2013, BAC signed a supplemental lease agreement with the Ministry of Finance and National Economy which extended BAC's right to use, but not own, the airport plant and equipment. In addition, Bahrain International Circuit Company W.L.L uses the circuit and other facilities leased from the Government at a rent of BD 1 per annum.

(ii) Aircraft fleet, spare engines and aircraft spares

The net book value of the aircraft fleet, spare engines and aircraft spares includes an amount of BD 251,122 thousand (2023: 283,030 thousand) in respect of aircrafts and engines held under operating leases.

(iii) Secured assets

Assets acquired under finance leases included aircraft with a net carrying amount of BD 471,988 thousand (2023: BD 435,664 thousand) which are secured thereto, and aircraft and engines purchased under conditional sale agreements whereby the Group has possession of all the risks and rewards of ownership but where title remains with the seller until payment is made in full of the purchase price.

(iv) Assets in the process of completion

Capital work-in-progress includes pre-delivery payments of BD 98,934 thousand (2023: BD 92,756 thousand) in respect of aircraft scheduled for delivery between 2025 and 2027.

(v) Depreciation expense

Depreciation for the year is included in direct costs BD 219,644 thousand (2023: BD 189,205 thousand) and administrative expenses BD 12,112 thousand (2023: BD 11,710 thousand).

Depreciation of BD 7,939 thousand pertaining to McLaren's automotive business is included in the results of discontinued operations (2023: BD 12,202 thousand).

10 OTHER ASSETS

	2024	2023
	BD '000	BD '000
Heritage assets (i)	34,303	39,302
Deposits (ii)	11,325	12,643
Receivable from associates and joint ventures (iii) & (note 29)	27,270	24,417
Miscellaneous assets	16,764	25,023
	89,662	101,385

(i) Heritage assets

The Group has a collection of heritage vehicles, made up of a number of racing cars, F1 road cars, historic vehicles and spare F1 racing car monocoques. The collection is held in several locations; at the McLaren Technology Centre, most of which is on display to visitors and employees; on display at Donington Park Race Circuit; at McLaren Automotive Dealerships; and the remainder is held in secure storage. These assets are held in the consolidated statement of financial position at cost, being the fair value on the date of acquisition, less impairment losses. The cars are deemed to have indeterminate lives and the Board of directors does not therefore consider it appropriate to charge depreciation.

31 December 2024

10 OTHER ASSETS (continued)*(ii) Deposits*

Deposits represent amounts placed with lessors for the lease of aircraft and engines and other security deposits. These deposits carry no interest and mature on various dates until 2038. These deposits are carried at present value by discounting them using incremental borrowing rates.

(iii) Receivables from associates and joint ventures

Receivable from associates represents loans provided by the Group to certain associates and joint ventures, net of allowance for ECL of BD 2,386 thousand as at 31 December 2024 (2023: BD 2,386 thousand).

During 2023, impairment losses on other assets recognised amounted to BD 2,099 thousand (note 26).

11 INTANGIBLE ASSETS

	<i>IT systems development costs BD '000</i>	<i>Product development costs and brand BD '000</i>	<i>Total BD '000</i>
Cost:			
At 1 January 2024	54,747	900,341	955,088
Additions	2,845	96,165	99,010
Transfer to assets held for sale	(32,158)	(975,904)	(1,008,062)
Disposals and write offs	(6)	-	(6)
Foreign currency adjustment	(590)	(17,928)	(18,518)
At 31 December 2024	24,838	2,674	27,512
Accumulated Amortisation:			
At 1 January 2024	42,543	434,341	476,884
Charge for the year	5,444	28,951	34,395
Foreign currency adjustment	(448)	(12,988)	(13,436)
Transfer to assets held for sale	(27,995)	(447,729)	(475,724)
At 31 December 2024	19,544	2,575	22,119
Net carrying amount: At 31 December 2024	5,294	99	5,393

31 December 2024

11 INTANGIBLE ASSETS (continued)

	<i>IT systems development costs BD '000</i>	<i>Product development costs and brand BD '000</i>	<i>Total BD '000</i>
Cost:			
At 1 January 2023	50,164	977,129	1,027,293
Additions	2,051	105,392	107,443
Transfers	1,875	(1,105)	770
Write offs	(1,350)	(321)	(1,671)
Impairment losses (note (ii))	-	(247,846)	(247,846)
Foreign currency adjustment	2,007	67,092	69,099
At 31 December 2023	54,747	900,341	955,088
Accumulated Amortisation:			
At 1 January 2023	38,088	339,064	377,152
Charge for the year	4,444	60,680	65,124
Foreign currency adjustment	1,333	35,121	36,454
Transfers	-	(524)	(524)
Relating to write offs	(1,322)	-	(1,322)
At 31 December 2023	42,543	434,341	476,884
Net carrying amount:			
At 31 December 2023	12,204	466,000	478,204

- (i) Amortisation of intangibles of BD 1,113 thousand is included in direct costs (2023: BD 18 thousand) and BD 1,717 thousand (2023: BD 1,829 thousand) is included in administrative expenses.

Amortisation of intangibles of BD 31,563 thousand pertaining to McLaren's automotive business is included in the results of discontinued operations (2023: BD 63,277 thousand).

- (ii) The Group has performed an impairment test as at 31 December 2024 in respect of IT systems development cost. Based on the test, no impairment loss is required to be provided as of 31 December 2024 (2023: Nil).

The net book value of product development cost pertains to McLaren's automotive business BD 315,745 has been included in assets held for sale (note 35).

12 GOODWILL

Goodwill acquired through business combinations has been allocated to the following cash-generating unit.

	2024 BD '000	2023 BD '000
Aluminium Bahrain B.S.C. [Alba]	74,343	74,343

31 December 2024

12 GOODWILL (continued)**Impairment testing of goodwill**

As at 31 December 2024, the Group has performed an impairment test in respect of the goodwill relating to Alba.

The recoverable amount of the Alba cash generating unit was determined based on value-in-use calculation. The forecasts use cash flow projections based on financial budgets approved by management covering an initial period of one year. Cash flows for years 2 to 5 have been determined on the basis of management's expectation of the business taking into account the prevailing global and Gulf Cooperation Council economic conditions in general and the aluminium industry in particular. Revenue forecasts are based on weighted forward estimates of aluminium prices published by CRU (an independent market authority on metal prices), LME Rolling Forward Prices and management's price estimates. The cash flows are discounted using a discount rate of 13%. In addition, a growth rate of 2% has been applied from year 5 into perpetuity which is in line with the long term average inflation forecasts.

Based on the valuation, the goodwill relating to Alba was not impaired as of 31 December 2024 and 2023.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that reasonably possible changes in the growth rate and EBITDA margins would not cause a material change to the recoverable amount. However, an increase in the rate used to discount the projected cash flows by 1% (with all other variables remain unchanged) would result in a reduction in the recoverable amount of the cash generating unit by BD 148,300 thousand (31 December 2023: BD 157,800 thousand). A change in LME price by USD 100/mt (with all other variables remain unchanged) throughout the forecast period would result in a change in the recoverable amount of the cash generating unit by BD 236,100 thousand (31 December 2023: BD 244,800 thousand).

13 BORROWINGS AND LEASE LIABILITIES

	2024	2023
	BD '000	BD '000
Borrowings (note 13.1)	2,427,814	2,520,068
Lease Liabilities (note 13.2)	314,796	454,119
	2,742,610	2,974,187

13.1 Borrowings

	<i>Effective interest rates</i>		2024	2023
	2024	2023	BD '000	BD '000
Bank overdrafts (note 3)	7.19% - 7.79%	7% - 8.26%	12,406	14,548
Short term loans	5% - 7.44%	5% - 11%	26,938	32,166
Alba line 6 project loans (i)	5.57% - 6.89%	4.51% - 7.49%	352,864	409,254
Alba other credit facilities (ii)	5.29% - 6.04%	5.99% - 6.44%	175,785	176,582
Mumtalakat sukuk (iii)	4.10%	4.1% - 5.63%	187,228	412,415
Other term loans (iv)	3% - 8.35%	3% - 9.28%	1,308,494	880,586
Other long term loans / bonds (v)	-	7.5% - 15%	-	230,216
Loans relating to finance leases (vi)	5.95% - 8.9%	5.50% - 9.74%	364,099	364,301
			2,427,814	2,520,068

31 December 2024

13 BORROWINGS AND LEASE LIABILITIES (continued)**13.1 Borrowings (continued)**

(i) Represents loans obtained by Alba to finance its line 6 expansion project. It comprises of:

- In April 2022, Alba entered into a term loan agreement with a syndicate of financial institutions for USD 1,247 million comprising of two tranches: US\$ 537 million as a conventional credit facility and US\$ 710 million as an Islamic Ijara facility. Gulf International Bank B.S.C is the global facility agent and investment agent for this facility. This loan was utilized to repay all amounts borrowed by Alba under the old term loan facility. The carrying value of this loan as of 31 December 2024 was BD 277,728 thousand (2023: BD 306,245 thousand). The loan is repayable in sixteen semi-annual instalments commencing from October 2022. The loan carries interest at SOFR plus 2.2% (2023: SOFR plus 2.2%).
- In 2017, Alba entered into a total of Euro 411 million and US\$ 310 million Export Credit Financing facilities with certain financial institutions. Alba has fully repaid its Euro loans during 2024. The carrying value of the Euro loans as of 31 December 2023 was BD 10,826 thousand.

The carrying value of the US\$ facility as of 31 December 2024 was BD 56,584 thousand (2023: BD 65,309 thousand). The loan is repayable in twenty-four semi-annual instalments which commenced in 2019. The loan carries interest at SOFR plus 1.13% (SOFR plus 1.13%).

- During 2018, Alba entered into a total of Euro 157 million and US\$ 136 million Export Credit Financing facilities with certain financial institutions. Alba has fully repaid the Euro loan during 2024. The carrying value of the Euro loans as of 31 December 2023 was BD 3,702 thousand.

The carrying value of the US\$ facility as of 31 December 2024 was BD 18,552 thousand (2023: BD 23,172 thousand). The loan is repayable in twenty semi-annual instalments which commenced in 2019. The loan carries interest at SOFR plus 0.875% (2023: SOFR plus 0.875%).

(ii) Represents other credit facilities obtained by Alba. It comprises of:

- On 1 August 2022, Alba entered into an Export Credit Financing agreement amounting to USD 225 million. This loan was obtained to finance capital expenditure requirement for Power Station 5, Block 4 Project. The carrying value of this loan as of 31 December 2024 was BD 29,607 thousand (2023: BD 26,909 thousand). The loan is repayable in twenty four semi-annual instalments which will commence from December 2025. The loan carries interest rate at SOFR plus 1.35% (2023: SOFR plus 1.35%).
- Alba has working capital revolving credit facilities which are subject to periodic renewal and repricing. The working capital revolving facilities allows Alba to issue promissory notes for up to 12 month terms. The carrying value of these facilities as of 31 December 2024 was BD 146,178 thousand (2023: BD 149,673 thousand). The facilities' interest rates range from 0.6% to 0.7% plus SOFR (2023: 0.7% to 0.9% plus SOFR).

(iii) Represents sukuk issued by the Company's Special Purpose Vehicle under its Multi Currency Trust Certificate Issuance Programme. The Sukuk program is structured as a "Wakala". The senior unsecured trust certificates issued under this program are listed on the Irish Stock Exchange. The terms of the arrangement include transfer of beneficial ownership of certain identified assets (the "Wakala assets") of the Group to a Special Purpose Vehicle, Mumtalakat Sukuk Holding Company (the "Issuer"), formed for the issuance of trust certificates. In substance, the Wakala assets remain in control of the Group and shall continue to be serviced by the Group. The note holders have no recourse to the assets.

The sukuk outstanding as of the date of the statement of financial position comprise of:

- US\$ 500 million sukuk issued in 2020 for a term of 7 years with a profit rate of 4.10%. The carrying value of the sukuk as at 31 December 2024 was BD 187,228 thousand (2023: BD 186,850 thousand).
- US\$ 600 million sukuk issued in 2019 for a term of 5 years with a profit rate of 5.63%. The sukuk had a carrying value of BD 225,565 as at 31 December 2023 and was fully repaid on maturity in February 2024.

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13 BORROWINGS AND LEASE LIABILITIES (continued)**13.1 Borrowings (continued)**

(iv) Other term loans comprise of the following:

- Unsecured loans amounting to BD 1,287,702 thousand (2023: BD 869,007 thousand). These loans are maturing on various dates till October 2031.
- Loans amounting to BD 18,462 thousand (2023: BD 10,530 thousand) which are secured against certain property, plant and equipment and miscellaneous receivables of the Group.
- Loan which is secured against certain property, plant and equipment amounting to BD 996 thousand (2023: BD 1,049 thousand) and unsecured loan amounting to BD 1,334 thousand (2023: BD Nil) to finance certain capital projects.

(v) Other long term loans /bonds comprise of:

- In August 2022, McLaren Group Limited issued US\$ 620 million bonds with a carrying value of BD 230,216 thousand as at 31 December 2023. The bonds carry an interest at 7.5% per annum and are repayable in August 2026. These bonds are secured against the assets of McLaren Group Limited. As at 31 December 2024, these bonds are included in the liabilities directly associated with the assets classified as held for sale (note 35).

(vi) Represents finance lease obligations which are secured against aircrafts, plant machinery and equipment.

13.2 LEASE LIABILITIES

	2024	2023
	BD '000	BD '000
Balance at beginning of the year	454,119	497,194
Additions during the year	5,911	5,481
Interest expense	18,792	28,099
Remeasurement of lease liability	-	(19,138)
Foreign currency adjustments	-	6,001
Lease liabilities paid	(56,316)	(63,518)
Transfer to liabilities held for sale	(107,710)	-
Balance at end of the year	314,796	454,119

The Group has entered into leases in respect of certain aircrafts, engines, buildings etc. Information about key lease arrangements are mentioned below:

Type of transaction and counterparty	Term	Expiry	Leased aircrafts
Lease - Lenders	Up to 15 years	Up to June 2034	Seven B787-9 aircraft Five A320N aircraft
Lease - Engine Manufacture	15 years	Up to June 2034	Two Trent-1000 engines

At 31 December 2024, these leases carries interest/discount rate per annum in the range of 3% - 6% (31 December 2023: range of 5% - 6%).

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14 DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of the Group's derivative financial instruments at 31 December is as follows:

	<i>Notional Value</i>		<i>Positive fair value</i>		<i>Negative fair value</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<i>Held as trading</i>						
Commodity futures contracts	-	-	487	-	-	1,108
<i>Held as cash flow hedges</i>						
Interest rate swaps	272,163	272,163	21,927	25,211	-	-
Foreign exchange contracts	-	229,101	-	2,812	-	1,708
	272,163	501,264	22,414	28,023	-	2,816

(a) The gains / (losses) on derivative financial instruments for the year ended 31 December are as follows:

2024

	<i>Gains</i>		
	<i>Revaluation</i>	<i>Realised</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<i>Held as trading</i>			
Interest rate swaps	-	6,102	6,102
Commodity futures contracts	1,595	-	1,595
Total	1,595	6,102	7,697

2023

	<i>Gains / (losses)</i>		
	<i>Revaluation</i>	<i>Realised</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
<i>Held as trading</i>			
Interest rate swaps	(273)	13,299	13,026
Commodity futures contracts	(1,114)	-	(1,114)
Total	(1,387)	13,299	11,912

(b) Gain on other financial instruments

	<i>Gains / (losses)</i>		
	<i>Revaluation</i>	<i>Realised</i>	<i>Total</i>
Senior and convertible preference shares			
Fair value adjustment	5,323	(40,035)	(34,712)
Total fair value gain / (loss) on other financial instruments (net) (a + b)	3,936	(26,736)	(22,800)

The Group enters into derivative transactions to hedge economic risks under its risk management guidelines that may not qualify for hedge accounting under IFRS 9. Consequently, gains or losses resulting from the re-measurement to fair value of these derivatives are taken to the consolidated statement of income. Derivatives held under cash flow hedges represent foreign exchange contracts to hedge against exchange rate risk arising from anticipated future transactions and interest rate swaps (IRS) to hedge its interest rate risks.

The Group has IRS contracts with certain banks to hedge floating interest rates (SOFR) cash flows attributable to its loans.

During the year, the Group entered into commodity futures and forward swap contracts to reduce the price risk on behalf of its customers for 78,509 metric tonnes (2023: 110,500 metric tonnes). Outstanding contracts of 9,775 metric tonnes (31 December 2023: 23,475 metric tonnes) mature between one to six months from the year ended 31 December 2024.

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14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The fair values of derivative financial instruments are obtained from counterparty financial institutions. These are classified under level 2 fair value hierarchy (note 31).

15 TRADE PAYABLE, ACCRUALS AND OTHER LIABILITIES

	2024	2023
	BD '000	BD '000
Trade payable (i)	198,585	196,473
Accrued expenses (ii)	240,441	323,318
Unearned revenue	43,541	82,400
Warranty provision (iii)	-	33,092
Deferred tax liability (iv)	5,494	41,558
Advance from customers and retentions payable	5,057	3,150
Other payables	137,222	156,249
	630,340	836,240

- (i) Details of payables to related parties included in trade payable are disclosed in note 29.
- (ii) Based on independent tax and legal advisors' opinion, the Group will not bear any excess liability over the existing accruals in 2024 in respect of legal claims (2023: Nil) (note 28 (ii)).
- (iii) The warranty provision relates to the three year warranty given to customers on the sale of each vehicle by McLaren Group Limited. The Group is liable for the parts and labour costs associated with repairing and manufacturing faults arising on vehicles during the warranty period. The movements in warranty provision were as follows:

	2024	2023
	BD '000	BD '000
Balance at beginning of the year	33,092	24,721
Provision for the year	28,769	35,828
Foreign currency adjustments	3,017	1,577
Utilised during the year	(22,103)	(29,034)
Transfer to liabilities held for sale	(42,775)	-
Balance at end of the year	-	33,092

(iv) Deferred tax liability

	<i>Consolidated statement financial position</i>		<i>Consolidated statement of income</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
Accelerated depreciation for tax purposes	-	73	-	-
Fair valuation of assets and liabilities	60,343	60,343	-	-
Losses available for offsetting against future taxable income	-	(11,526)	-	-
Foreign currency adjustments	(883)	(3,718)	-	-
Transfers	(53,966)	-	-	-
Others	-	(3,614)	-	6,922
Total deferred tax credit [note 27(b)]			-	6,922
Net deferred Tax Liabilities	5,494	41,558		

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16 EMPLOYEES' END OF SERVICE BENEFITS

	2024	2023
	BD '000	BD '000
Balance at beginning of the year	12,829	12,005
Relating to acquisition of a subsidiary	376	-
Provision for the year	4,153	3,199
Payments during the year	(3,590)	(2,375)
Transfer to liabilities held for sale	(28)	-
Balance at end of the year	13,740	12,829

17 SHARE CAPITAL, CAPITAL CONTRIBUTION AND DIVIDEND

	2024	2023
	BD '000	BD '000
Share capital		
Authorised:		
2,000,000,000 shares of BD 1 each	2,000,000	2,000,000
Issued and fully paid:		
2,000,000,000 shares of BD 1 each	2,000,000	2,000,000
(2023: 2,000,000,000 shares of BD 1 each)	2,000,000	2,000,000

Capital contribution

Movement in capital contribution during the year is as follows:

	2024	2023
	BD '000	BD '000
Balance at the beginning of the year	284,318	518,852
Investment properties received during the year (net) (note 8)	322	-
Liabilities assumed by the shareholder (note i)	37,609	77,597
Additional shares of an entity received as in-kind contribution (ii)	3,767	-
Land received during the year (note iii)	-	19,841
Accumulated losses offset against capital contribution (note iv)	-	(331,972)
Balance at end of the year	326,016	284,318

Notes

- (i) During the year, the shareholder has assumed certain liabilities of the Group amounting to BD 37,609 thousand (2023: BD 77,597 thousand). This amount was recognised as capital contribution.
- (ii) On 14 May 2024, the shareholder transferred their 66% share in Silah Gulf W.L.L. ("Silah") to the Group. As a result, the Group's ownership in Silah increased from 34% to 100% and accordingly, Silah was reclassified from FVTPL to a subsidiary as at the date of transfer. The fair value of the newly acquired shares as at the date of transfer amounted to BD 3,767 thousand and was recognised as an in-kind contribution from the shareholder.
- (iii) In 2023, land valued at BD 19,841 thousand was transferred by the sole shareholder based on valuation performed by an independent accredited property valuer.
- (iv) In 2023, the sole shareholder of the Company approved a resolution whereby accumulated losses amounting to BD 331,972 thousand were offset against capital contribution.

Dividend

During the year, the Company paid dividend to the shareholder of BD 40,000 thousand (2023: BD 40,000 thousand)

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18 STATUTORY RESERVE

The statutory reserve has been created in accordance with the requirements of the Bahrain Commercial Companies Law and the Articles of Association of the Company. The Company transfers 10% of its annual net profit to its statutory reserve until such time as the reserve equals 50% of the issued share capital of the Company. The reserve is not available for distribution, except in circumstances as stipulated in the Bahrain Commercial Companies Law. During the year, the Company transferred BD 31,655 thousand towards its statutory reserve (2023: Nil).

19 OTHER RESERVES

	<i>Fair value reserve BD '000</i>	<i>Foreign currency translation and cash flow hedges reserve BD '000</i>	<i>Pension plan reserve BD '000</i>	<i>Total BD '000</i>
Balance at 1 January 2024	(3,061)	20,715	423	18,077
Total other comprehensive income	17,683	(6,568)	(523)	10,592
Balance at 31 December 2024	14,622	14,147	(100)	28,669
Balance at 1 January 2023	(5,376)	15,874	423	10,921
Total other comprehensive income	4,957	4,841	-	9,798
Transfer of fair value gain on preference shares and warrants to retained earnings	(2,642)	-	-	(2,642)
Balance at 31 December 2023	(3,061)	20,715	423	18,077

20 MOVEMENTS IN NON-CONTROLLING INTERESTS*Acquisition of non-controlling interests of a subsidiary*

On 22 March 2024, Mumtalakat completed a capital reorganisation of McLaren Group Limited. The capital reorganisation involved the conversion of all preference shares into ordinary shares, resulting in Mumtalakat taking full ownership of the share capital of McLaren Group Limited. As a result of the capital reorganisation, the negative balance of non-controlling interest relating to McLaren Group Limited of BD 131,234 thousand as of the capital reorganisation date was transferred from non-controlling interest to retained earnings.

Other movement in non-controlling interests

Other movement in non-controlling interests represents the net movement in treasury shares held by Alba.

Removal of non-controlling interest relating to a disposal of a subsidiary

During 2023, the Company disposed of a subsidiary of the Group, Lash HQ L.L.C. The non-controlling interest from the respective subsidiary amounting to BD 759 thousand was eliminated as a result of the sale.

21 REVENUE

	2024 BD '000	2023 BD '000
Metals (note i)	1,621,728	1,543,908
Aviation (note ii)	556,351	538,917
Other revenues	55,837	53,149
	2,233,916	2,135,974

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21 REVENUE (continued)

(i) Revenue from metals

• **Type of goods**

	2024	2023
	BD '000	BD '000
Billet	551,969	520,325
Slab	180,193	133,872
Foundry	453,278	439,511
Liquid	288,771	263,664
Ingots	131,983	180,727
Alumina trading	8,862	7,976
	1,615,056	1,546,075
Pricing adjustments*	6,672	(2,167)
Revenue from contracts with customers	1,621,728	1,543,908

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

• **Geographical markets**

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

	2024	2023
	BD '000	BD '000
Kingdom of Bahrain	411,269	367,707
Europe	458,603	378,980
Rest of the Middle East and North Africa	260,763	322,053
Asia	246,216	228,220
Americas	244,877	246,948
	1,621,728	1,543,908

• **Customers**

Revenue from sale of aluminium to the three major customers of the Group amounted to BD 379,006 thousand with one customer accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2024 (three major customers of the Group amounted to BD 364,232 thousand with one customer accounting for more than 10% of the total revenue from contracts with customers for the year ended 31 December 2023).

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21 REVENUE (continued)**(ii) Revenue from aviation**• **Type of aviation revenue**

	2024	2023
	BD '000	BD '000
Passenger - sale of tickets (a)	416,702	414,642
Passenger - others (b)	27,297	26,579
Non-aeronautical revenue	35,022	32,436
Freight	33,473	24,910
Handling fee and other charges	20,055	15,607
Landing and parking fees	4,357	4,200
Mail and excess baggage	4,657	3,977
Passenger service charges	3,879	6,996
Pilot and ab-initio training	2,787	2,581
Charters	2,981	2,317
Cargo rental	2,454	2,292
Transportation related	1,305	1,235
Cabin crew and other technical training	847	695
Common user platform	470	428
Other	65	22
	556,351	538,917

- (a) Passenger - sale of tickets represent the amount of revenue recognised from the transporation of passengers.
- (b) Passenger - others mainly comprise write-back of unclaimed forward sales, ticket amendments and cancellation charges, and interline and refund service charges.

• **Contract liabilities**

	2024	2023
	BD '000	BD '000
Contract liabilities - unutilised passenger tickets (a)	54,475	49,717
Contract liabilities - frequent flyer program (b)	7,519	5,319
Contract liabilities - others	913	-
	62,907	55,036

- (a) This represents contract liability for tickets sold but not utilised by passengers.
- (b) Contract liabilities for frequent flyer program represent the estimated value of the outstanding mile credits which will be utilized in the future.

Revenue from aviation is primarily generated from the Kingdom of Bahrain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22 DIRECT COSTS

	2024 BD '000	2023 BD '000
Raw materials, spares and consumables	764,907	805,863
Staff costs (note i)	174,767	159,278
Depreciation	219,644	189,205
Amortisation of intangibles	1,113	18
Fuel	153,813	157,041
Repairs and maintenance	101,816	103,463
Electricity, water and other utilities	269,476	265,970
Other flight operations	72,398	74,719
Others	47,382	32,345
	<u>1,805,316</u>	<u>1,787,902</u>

Notes

- (i) In addition to the above staff costs, selling and distribution expenses and administrative expenses include staff costs of BD 11,563 thousand and BD 60,912 thousand respectively (2023: BD 10,161 thousand and BD 51,623 thousand respectively).

23 OTHER OPERATING INCOME

	2024 BD '000	2023 BD '000
Insurance claim	1,287	242
Gain on disposal / transfer of investment properties	1,364	300
Miscellaneous income	12,384	1,463
	<u>15,035</u>	<u>2,005</u>

24 GOVERNMENT ASSISTANCE

	2024 BD '000	2023 BD '000
Government assistance	<u>12,418</u>	<u>17,849</u>

Government assistance represents amount received by Bahrain Flour Mills Company B.S.C. (BFM) from the Ministry of Finance and National Economy on behalf of the Government of the Kingdom of Bahrain to subsidise the flour price.

As at 31 December 2024, government assistance received by BFM in advance amounting to BD 2,903 which is included in trade payable, accruals and other liabilities (2023: BD 2,083 thousand).

25 OTHER OPERATING EXPENSES

	2024 BD '000	2023 BD '000
Loss on foreign exchange, net	9,006	-
Loss on disposal / write off of property, plant and equipment, net	3,401	1,420
Miscellaneous	6,623	4,331
	<u>19,030</u>	<u>5,751</u>

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26 IMPAIRMENT LOSSES

	2024	2023
	BD '000	BD '000
Impairment losses on investment in associates and joint venture (note 7)	3,325	979
Impairment losses on investment properties (note 8)	-	8,189
Impairment losses on other assets (note 10)	-	2,099
Impairment losses on intangibles	-	16,463
	3,325	27,730

27 INCOME TAX**(a) Tax expense relating to Alba**

During the year, the Group incurred a tax expense of BD 419 thousand on the operation of Alba's subsidiary in the United States (2023: BD 167 thousand).

(b) Tax expense included in the consolidated statement of income relating to McLaren:

	2024	2023
	BD '000	BD '000
Current tax:		
Current income tax income	(778)	(1,044)
Adjustment in respect of prior years foreign tax	120	(309)
Total current tax	(658)	(1,353)
Deferred tax:		
Relating to origination and reversal of temporary differences	(335)	-
Effect of change in the tax rate and other movements	335	6,922
Total deferred tax expense (see note 15)	-	6,922
Income tax (credit) / expense (b)	(658)	5,569
Total Income tax (credit) expense (a + b)	(239)	5,736

Deferred tax balances at 31 December 2024 and 31 December 2023 are measured at the rate at which they are expected to reverse. There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2024	2023
	BD '000	BD '000
Accounting profit / (loss) before income tax	11,243	(16,664)
Tax on McLaren Group at UK effective corporation tax rate 25% (2023: 23.5%)	2,811	(3,916)
Effects of:		
Credits not deducted for tax purposes	170	593
Income not subject to Tax	-	442
Share of results of joint ventures	(4,031)	(1,177)
Re-measurement of deferred tax - change in UK tax rate	-	6,922
Others	392	2,705
McLaren Group total tax (credit) / expense for the year	(658)	5,569

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28 COMMITMENTS AND CONTINGENCIES**Commitments****(i) Capital expenditure**

At the reporting date, the Group had the following capital expenditure commitments relating to the acquisition of property, plant and equipment and investments.

	2024	2023
	BD '000	BD '000
Aircraft (note i)	281,056	407,795
Others (including investments)	204,654	235,582
	485,710	643,377

Note:

(i) At 31 December 2024, aircraft commitments of BD 58,354 thousand (2023: BD 152,435 thousand) are due within one year, BD 222,702 thousand (2023: BD 255,360 thousand) are due within one to five years from the reporting date.

(ii) Letters of credit

The commitments on outstanding letters of credit as at 31 December 2024 were BD 15,491 thousand (2023: BD 34,833 thousand). The commitments are expected to be settled within one year.

Contingencies**(i) Guarantees**

The Group has issued guarantees to banks and other institutions amounting to BD 55,340 thousand (2023: BD 45,261 thousand).

In addition, the Group's bankers have issued guarantees to third parties on behalf of the Group amounting to BD 178 thousand (2023: BD 528 thousand).

(ii) Law suits

Law suits have been filed against Gulf Air in the Kingdom of Bahrain and in certain other jurisdictions where Gulf Air operates. These relate to claims which are in the normal course of business. In management's view based on independent legal advice, adequate provision has been made in these consolidated financial statements for liabilities that may arise from these law suits, and the possibility of incurring significant additional penalties or damages pending final judgment is expected to be remote [note 15 (ii)].

29 RELATED PARTY DISCLOSURES

Related parties represent the shareholder, entities controlled by the shareholder, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the boards of directors of the various group companies.

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

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29 RELATED PARTY DISCLOSURES (continued)

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

2024				
	<i>Shareholder</i>	<i>Entities controlled by the shareholder</i>	<i>Associates / Joint ventures</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income				
Revenue	238	2,515	105,545	108,298
Government assistance	12,418	-	-	12,418
Other income	370	-	127	497
Interest income	-	-	7,153	7,153
	13,026	2,515	112,825	128,366
Expenses				
Direct costs	-	324,793	31,256	356,049
Administrative expenses	-	263,062	779	263,841
Interest expense	-	-	3,815	3,815
	-	587,855	35,850	623,705
2023				
	<i>Shareholder</i>	<i>Entities controlled by the shareholder</i>	<i>Associates / Joint ventures</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Income				
Revenue	238	2,921	91,402	94,561
Government assistance	17,849	-	-	17,849
Other income	402	-	120	522
Interest income	-	-	1,574	1,574
	18,489	2,921	93,096	114,506
Expenses				
Direct costs	-	321,743	36,274	358,017
Administrative expenses	-	261,888	1,570	263,458
Interest expense	-	-	10,532	10,532
	-	583,631	48,376	632,007

Details of land leased from related parties are disclosed in note 9.

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29 RELATED PARTY DISCLOSURES (continued)

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

	2024			
	<i>Shareholder</i>	<i>Entities controlled by the shareholder</i>	<i>Associates / Joint ventures</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets				
Trade receivable, prepayments and other receivables	928	64	12,317	13,309
Derivative financial instruments	-	-	15,830	15,830
Other assets	-	-	27,270	27,270
Cash and bank balances	-	-	17,708	17,708
	928	64	73,125	74,117
Liabilities				
Borrowings and lease liabilities	-	-	168,811	168,811
Trade payable, accrued expenses and other liabilities	3,323	52,340	31,929	87,592
	3,323	52,340	200,740	256,403
2023				
	<i>Shareholder</i>	<i>Entities controlled by the shareholder</i>	<i>Associates / Joint ventures</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Assets				
Trade receivable, prepayments and other receivables	1,040	170	10,871	12,081
Derivative financial instruments	-	-	17,651	17,651
Other assets	-	-	24,417	24,417
Cash and bank balances	-	-	15,109	15,109
	1,040	170	68,048	69,258
Liabilities				
Borrowings and lease liabilities	-	-	168,633	168,633
Trade payable, accrued expenses and other liabilities	2,541	85,271	9,001	96,813
	2,541	85,271	177,634	265,446

Compensation of key management personnel

The remuneration of members of key management personnel for the year was BD 12,637 thousand (2023: BD 11,666 thousand).

Fees to the directors of the Group companies provided for during the year was BD 1,279 thousand (2023: BD 1,163 thousand).

30 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note provides information about the Group's exposure to each of the above risks, the Group's approach to risk management and the management of capital. Quantitative disclosures about various risks are included in the respective sections. The Group's overall risk management approach is to moderate the effects of such risks on its financial performance. The Group uses derivatives in hedging specific exposures (note 14).

Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management approach and for approving the risk management policies and procedures. These policies are established to identify and analyse risks faced by the Company and set appropriate risk limits and controls to monitor risks. These policies are reviewed regularly to reflect changes according to market condition and Group's activities. The Company, through its policies, procedures and processes aims to develop and maintain a robust control environment in which all employees understand their roles and responsibilities.

The Company assesses and manages risk through a committee structure. The existing committee structure for risk is designed to ensure a periodic review of risks, a sharing of knowledge about risks across all functions, an understanding of the relationships of the risks of the enterprise, and to ensure that each functional area remains accountable for the risks for which it is responsible.

Board Audit and Risk Committee

The Board Audit and Risk Committee oversees how the management monitors compliance with the Company risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board Audit and Risk Committee is assisted in these functions by the Internal Audit Function which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit and Risk Committee.

Board Investment Committee

The Board Investment Committee is responsible for assessing risks associated with investment/divestment decisions and monitoring risks associated with the existing portfolio. The Board Investment Committee is assisted by the Management Investment Committee in fulfilling its oversight responsibilities on policy, standards and procedures for investing in a responsible manner.

Management Committee

The Management Committee regularly reviews several aspects of Company's various risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to credit risk on its bank balances including term deposits, certain loans and receivables included in other assets, and the positive fair value of derivatives. The Group places its deposits with reputable banks with a good financial standing. Derivative contracts are entered into with counterparties with strong credit ratings and are not subject to significant credit risk.

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30 FINANCIAL RISK MANAGEMENT (continued)**(a) Credit risk (continued)**

Credit risk with respect to loans and receivables included in other assets is managed by assessing the feasibility of the investment opportunity that is being funded, prior to advancing any funding.

The sale of passenger and cargo transportation is largely achieved through a large number of International Air Traffic Association (IATA) accredited sales agents. Unless expressly stated otherwise in the contract, receivables and payables among airlines are settled either bilaterally or via the IATA clearing house. For all other service relationships, depending on the nature and scope of the service rendered, collateral is required, credit reports/references are obtained and use is made of historical data from previous business relations, especially with regard to payment behaviour, in order to avoid non-performance.

Credit risk with respect to receivables from customers is managed by granting credit terms and monitoring the exposure to customers on an ongoing basis. An impairment allowance is made for doubtful accounts whenever objective evidence of impairment is identified.

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 impairment allowances.

The Group sells its products to a large number of customers. Its five largest customers account for 22% of the outstanding trade receivable as of 31 December 2024 (2023: 22%).

(b) 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. The Group limits its liquidity risk by managing cash and ensuring bank facilities are available. Trade payables are normally settled within 30 to 150 days of the date of invoice. The Group's cash flows from operations are normally adequate to meet expected liquidity requirements.

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 2024	Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	More than 5 years BD '000	Total BD '000
Borrowings and lease liabilities	212,449	300,771	1,953,037	1,062,844	3,529,101
Trade payable and other liabilities	252,382	75,637	14,795	-	342,814
	464,831	376,408	1,967,832	1,062,844	3,871,915
31 December 2023	Less than 3 months BD '000	3 to 12 months BD '000	1 to 5 years BD '000	More than 5 years BD '000	Total BD '000
Borrowings and lease liabilities	234,440	481,789	2,019,224	1,009,811	3,745,264
Derivatives	1,482	1,113	221	-	2,816
Trade payable and other liabilities	472,498	10,089	1,051	-	483,638
	708,420	492,991	2,020,496	1,009,811	4,231,718

Details of capital expenditure commitments are disclosed in note 28.

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30 FINANCIAL RISK MANAGEMENT (continued)**(c) Market risk****Currency risk**

Currency risk is the risk associated with fluctuations in the value of a financial instrument due to changes in foreign exchange rates. The Group's financial instruments are mainly denominated in Bahraini Dinars, US Dollars and Pound Sterling. The Group uses forward foreign exchange contracts and currency swaps to hedge against currency fluctuations (note 14).

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 sensitivity to currency risk at 31 December 2024 and 2023, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Bahraini Dinar currency rate by 10% against Euro and Pound Sterling with all other variables held constant, on the consolidated statement of income (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decreases in currency rate is expected to be equal and opposite.

	<i>Foreign exchange position long (short)</i>		<i>Effect on results for the year</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
Euro	83,505	24,950	8,351	2,495
Pound Sterling	(205)	(113,434)	(21)	(11,343)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future profitability or the fair value of financial assets and financial liabilities. The significant portion of the financial assets and financial liabilities are variable interest rate based.

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (call account, term deposits, margin deposits and borrowings). This risk is partly mitigated by interest rate derivatives (note 14).

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

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

	Increase/ decrease in basis points	Effect on results for the year BD '000
2024	+100	(14,806)
	-100	14,806
2023	+100	(19,070)
	-100	19,070

Jet fuel price risk

The Group's earnings are affected by changes in the price of jet fuel relating to Gulf Air. A 10% change in the price of jet fuel affects the Group's annual fuel cost by BD 15,192 thousand (2023: BD 15,684 thousand), assuming there is no change in the volume of fuel consumed.

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30 FINANCIAL RISK MANAGEMENT (continued)**(c) Market risk (continued)****Equity price risk**

Equity price risk is the risk that the fair value of equity securities will fluctuate as a result of changes in equity prices or indices, or fair value in case of unquoted equities. Equity price risk arises from the Group's investment in equities and managed funds included in investments carried at fair value through statement of income. The Group manages the risk through a process of diversification of its investments in terms of industry concentration.

Investments carried at fair value through statement of income in the level 2 hierarchy comprise of managed funds with underlying quoted securities. Investments carried at fair value through statement of income in the level 3 hierarchy comprise primarily of unquoted equity investments and managed funds with underlying private equity and debt securities.

FVTPL investments

A 10% (2023:10%) increase in the fair value of equities and net asset values of funds will increase the net profit by BD 109,174 thousand (2023: BD 48,143 thousand). The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

(d) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure dynamically and makes necessary adjustments, in light of the macro economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity.

	2024	2023
	BD '000	BD '000
Borrowings (note 13.1)	2,427,814	2,520,068
Lease liabilities (note 13.2)	314,796	454,119
Derivative financial instruments (note 14)	-	2,816
Total debt	2,742,610	2,977,003
Less: cash and bank balances (note 3)	(222,066)	(203,519)
Net debt	2,520,544	2,773,484
Total equity	3,191,613	2,831,528
Gearing ratio	79%	98%

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Financial assets comprise of 'investments carried at fair value through statement of income', cash and bank balances, certain loans and deposits included in 'other assets' and 'trade receivables and other receivables'. Financial liabilities comprise of 'borrowings and lease liabilities' and 'trade payable and other liabilities'.

Investments carried at fair value through the statement of income, derivative financial instruments, and convertible preference shares (liability) are categorized at fair value through profit or loss, all other assets and liabilities are carried at amortised cost.

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31 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The fair value of the fixed rate sukuk issued by the Group as of 31 December 2024 is BD 180,690 thousand (2023: BD 402,785 thousand) compared to the carrying value of BD 187,288 thousand (2023: BD 412,415 thousand) (note 13). The fair value of the fixed rate bond issued by McLaren as of 31 December 2024 is BD 232,810 thousand (2023: BD 201,687 thousand) compared to the carrying value of BD 231,687 thousand (2023: BD 230,216 thousand) (note 13). The bonds issued by McLaren is classified as part of liabilities held for sale as of 31 December 2024 (note 35).

The fair values of the financial assets and liabilities (discussed above) 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. All other financial assets and liabilities approximate their carrying amounts as of the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2024	Level 1	Level 2	Level 3	Total
	BD '000	BD '000	BD '000	BD '000
Investments carried at fair value through statement of income	10,800	67,994	1,014,303	1,093,097
Derivative financial instruments (assets)	-	22,414	-	22,414
31 December 2023	Level 1	Level 2	Level 3	Total
	BD '000	BD '000	BD '000	BD '000
Investments carried at fair value through statement of income	1,395	62,781	418,613	482,789
Derivative financial instruments (assets)	-	28,023	-	28,023
Derivative financial instruments (liabilities)	-	2,816	-	2,816

During the years 2024 and 2023 there have been no transfers between Level 1, Level 2 & Level 3.

For level 3 measurements, changing inputs to reasonably possible alternative assumptions will not result in significant change in fair values.

The movements in level 3 financial instruments measured at fair value were as follows:

	2024	2023
	BD '000	BD '000
Balance at 1 January	418,613	422,718
Purchases during the year	10,434	495
Transfers	191,536	-
Sold during the year	(12,687)	(4,198)
Fair value gain on investments carried at fair value through statement of income	408,897	1,709
Other movements	(2,490)	(2,111)
Balance at end of the year	1,014,303	418,613

32 MATERIAL PARTLY OWNED SUBSIDIARIES*Aluminium Bahrain B.S.C. (Alba)*

Alba is a partly owned subsidiary of the Group that has material non-controlling interests. The proportionate ownership interest and voting rights held by non-controlling interests at 31 December 2024 was 30.62% (2023: 30.62%). The summarised financial information of Alba before intragroup eliminations is set out below:

Summarised statement of financial position as at 31 December - Alba

	2024	2023
	BD '000	BD '000
Current assets	793,735	640,492
Non-current assets	1,879,617	1,913,069
Current liabilities	(402,062)	(371,895)
Non-current liabilities	(347,349)	(392,434)
Total equity	1,923,941	1,789,232
Attributable to:		
Equity holders of the parent	1,334,830	1,241,369
Non-controlling interests	589,111	547,863
	1,923,941	1,789,232

Summarised statement of income and comprehensive income for the year ended 31 December - Alba

	2024	2023
	BD '000	BD '000
Revenue	1,621,728	1,543,908
Net profit attributable to:		
Equity holders of the parent	128,035	81,886
Non-controlling interests	56,507	36,139
	184,542	118,025
Total comprehensive income attributable to:		
Equity holders of the parent	127,259	74,040
Non-controlling interests	56,164	32,677
	183,423	106,717

Summarised statement of cash flows for the year ended 31 December - Alba

	2024	2023
	BD '000	BD '000
Net cash inflow from operating activities	296,671	328,673
Net cash outflow from investing activities	(100,606)	(128,813)
Net cash outflow from financing activities	(141,143)	(235,232)
Net cash inflow / (outflow)	54,922	(35,372)
Dividends paid to non-controlling interests	(14,852)	(42,635)

32 MATERIAL PARTLY OWNED SUBSIDIARIES (continued)**McLaren Group Limited**

McLaren Group Limited was a partly owned subsidiary of the Group that had material non-controlling interests as at 31 December 2023. On 22 March 2024, McLaren Group Limited became a wholly owned subsidiary following the conclusion of a capital reorganisation which resulted Mumtalakat taking 100% ownership. The proportionate ownership interest and voting rights held by non-controlling interests was 40.09% as at 31 December 2023. Furthermore, in December 2024, the Group publically announced the signing of a strategic partnership agreement with CYVN Holdings LLC which resulted in the transfer of the automotive business of McLaren to discontinued operations in 2024 as set out in note 35. Therefore, the Group is not required to disclose summarised financial information relating to McLaren for 2024.

33 CURRENT AND NON CURRENT ASSETS AND LIABILITIES

The table below provides the analysis of current and non current assets and liabilities:

	<i>Less than one year</i>		<i>Over one year</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
ASSETS				
Cash and bank balances	222,066	203,519	-	-
Derivative financial instruments	4,372	8,187	18,042	19,836
Trade receivable, prepayments and other receivables	433,730	412,682	4,920	16,615
Inventories	433,901	455,032	-	-
Investments carried at fair value through statement of income	89,456	88,315	1,003,641	394,474
Investment in associates and joint ventures	-	-	911,861	923,728
Investment properties	-	-	386,360	378,293
Property, plant and equipment	-	-	2,967,419	3,102,987
Intangible assets	-	-	5,393	478,204
Other assets	-	4,287	89,662	97,098
Goodwill	-	-	74,343	74,343
Assets held for sale	577,891	-	-	-
	1,761,416	1,172,022	5,461,641	5,485,578
	<i>Less than one year</i>		<i>Over one year</i>	
	2024	2023	2024	2023
	BD '000	BD '000	BD '000	BD '000
LIABILITIES				
Borrowings and lease liabilities	302,636	562,247	2,439,974	2,411,940
Derivative financial instruments	-	2,117	-	699
Trade payable, accruals and other liabilities	629,929	836,240	411	-
Employees' end of service benefits	-	-	13,740	12,829
Liabilities directly associated with the assets classified as held for sale	644,754	-	-	-
	1,577,319	1,400,604	2,454,125	2,425,468

34 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

i) Variable consideration

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

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

Frequent flyer programme

The Group accounts for award credits as a separately identifiable component of the sales transaction in which they are granted. The consideration in respect of the initial sale is allocated to award credits based on their fair value and is accounted for as a liability (deferred revenue).

Estimation techniques are used to determine the fair value of mile credits and reflect the weighted average of a number of factors i.e. fare per sector, flight upgrades and partner rewards. A rolling 12-month historical trend forms the basis of the calculations. Adjustments to the fair value of miles are also made for miles not expected to be redeemed by members and the extent to which the demand for an award cannot be met for the dates requested.

A level of judgment is exercised by management due to the diversity of inputs that go into determining the fair value of miles. It is also difficult to present the sensitivity of a change in the value of the assumptions given the complexity of the workings. The carrying amount of the Group's deferred revenue relating to the same as at 31 December 2024 was BD 7,519 thousand (2023: BD 5,319 thousand).

A 10% change in the redemptions pattern will impact the sales and deferred revenue by BD 752 thousand (2023: BD 532 thousand).

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.

The discount rate used to determine the lease liabilities

The rates used on transition to discount future lease payments were the Group's incremental borrowing rates. The risk-free rate component was based on LIBOR and SOFR rates available in the same currency. For future aircraft lease liabilities, the Group will use the interest rate implicit in the lease.

34 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of aircraft

In case of aircraft, impairment is recognised when events and circumstances indicate that the aircraft may be impaired and the carrying amounts of the aircraft exceed the recoverable amounts. In determining the recoverable amounts of the aircraft, certain estimates regarding the current fair market value and the base value (value-in-use) of the aircraft are made. The current fair market and the base values are determined based on independent valuations carried out by an industry expert. Accordingly, there was no impairment loss amounting been recognised in the consolidated financial statements (2023: Nil).

Leased aircraft maintenance costs and accruals

The Group incurs liabilities for maintenance costs in respect of its leased aircraft during the course of the lease term. These are the result of the obligations in the lease contract in respect of the return conditions applied by lessors, which require aircraft airframes, engines, landing gear and auxiliary power units to reach at least a specified condition on their return at the end of the lease term. A charge is made in profit or loss each month based on the number of flight hours or cycles used to build up an accrual to cover the cost of maintenance and cost of major maintenance checks are capitalized as a part of right-of-use asset.

Estimates involved in calculating the provision required include the expected date of the check, market conditions for major maintenance checks pertaining at the expected date of check, the condition of asset at the time of the check, the likely utilisation of the asset in terms of either flying hours or cycles, and the regulations in relation to extensions of lives of life-limited parts, which form a significant portion of the cost of major maintenance costs of engines. Additional maintenance costs for aircraft engines are recognized in the consolidated statement of income on an incurred basis.

Impairment of non-financial assets (including goodwill)

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including key assumptions, are given in notes 8, 9, 11 and 12.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2024, the carrying amount of capitalised product development costs was BD 99 thousand (2023: BD 247,691 thousand).

34 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Valuation of unquoted investments at fair value through statement of income

Management uses its best judgement in determining fair values of the unquoted equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair value determined based on unobservable inputs using market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments. Refer to note 31 for disclosure of fair values.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer types).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The determination of expected credit losses as discussed in note 2 involves estimates and assumptions including those relating to forward looking factors. At 31 December 2024, gross trade receivables were BD 304,324 thousand (2023: BD 323,819 thousand), and the allowance for ECL was BD 22,562 thousand (2023: BD 23,201 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories 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 is applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated realisable value.

As at 31 December 2024, gross inventories were BD 441,220 thousand (2023: BD 504,260 thousand) with provisions for slow moving or obsolete inventories of BD 7,319 thousand (2023: BD 49,228 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.

Taxes

Deferred tax assets are recognised for 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.

As at 31 December 2024, the Group did not have any tax losses carried forward (2023: BD 11,526 thousand). The carried forward tax losses in 2023 relate to a subsidiary and may not be used to offset taxable income elsewhere in the Group.

35 DISCONTINUED OPERATIONS

In December 2024, the Group publicly announced the signing of a strategic partnership agreement (the "Transaction") with CYVN Holdings LLC ("CYVN"), an advanced mobility operator and investment vehicle based in Abu Dhabi. Under this agreement, CYVN would acquire 100% of McLaren's automotive business and a non-controlling stake in McLaren's racing business. The Transaction aligns with the Group's strategy and ongoing efforts to optimize and enhance its portfolio, ensuring sustainable long-term financial returns. On 2 April 2025, the deal was successfully executed after obtaining all the necessary regulatory approvals and fulfilling the required conditions of the Transaction.

Accordingly, as of 31 December 2024, McLaren Holdings Limited, the parent company of the automotive business, was classified as a disposal group held for sale and the related operations were classified as a discontinued operation for the year ended 31 December 2024, with the comparative financial information for the year ended 31 December 2023 being re-presented. There were no impairment losses resulting from the Transaction.

Assets and liabilities classified as held for sale as at 31 December

	2024
	BD '000
Assets	
Cash and bank balances (note 3)	16,097
Derivative financial instruments	1,594
Trade receivables, prepayments and other receivables	49,648
Inventories	78,758
Property, plant and equipment (note 9)	94,917
Other assets	21,132
Intangible assets	315,745
Assets held for sale	577,891
Liabilities	
Borrowings and lease liabilities	350,819
Derivative financial instruments	5,292
Trade payable, accruals and other liabilities	288,615
Employees' end of service benefits (note 16)	28
Liabilities directly associated with the assets classified as held for sale	644,754
Net liabilities directly associated with the disposal group	(66,863)

35 DISCONTINUED OPERATIONS (continued)*Results of the disposal group for the year ended 31 December*

	2024	2023
	BD '000	BD '000
Revenue	392,256	218,726
Direct costs	(328,726)	(301,871)
Gross profit	63,530	(83,145)
Other operating income	16,682	43,781
Selling and distribution expenses	(17,795)	(13,669)
Administrative expenses	(106,316)	(104,452)
Other operating expenses	(3,974)	-
Operating profit	(47,873)	(157,485)
Interest income	428	634
Interest expense	(26,445)	(18,445)
Fair value gain on other financial instruments (net)	1,247	(4,333)
Impairment losses	-	(228,011)
Loss before tax from discontinued operations	(72,643)	(407,640)
Income tax expense for the year	(21,810)	(50,086)
Loss for the year from discontinued operations	(94,453)	(457,726)

Net cash flows from discontinued operations for the year ended 31 December

	2024	2023
	BD '000	BD '000
Net cash from / (used in) operating activities	30,827	(153,962)
Net cash used in investing activities	(101,036)	(109,208)
Net cash from financing activities	2,784	23,080
Net cash outflow from discontinued operations	(67,425)	(240,090)

36 INTERNATIONAL TAX REFORM - PILLAR TWO MODEL RULES

The OECD Global Anti-Base Erosion Pillar Two Model Rules ("GloBE rules") apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ("Bahrain DMTT law") on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Company's assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules. Accordingly, the Company does not expect to be subject to the Bahrain DMTT law and GloBE rules for the next fiscal year.

Subsidiaries of the Group which are subject to the Bahrain DMTT law and GloBE rules will each carry out their individual assessments at the respective subsidiary level.