

**Bahrain Flour Mills Company B.S.C.**

**CONDENSED INTERIM FINANCIAL  
INFORMATION**

**30 September 2015**

Commercial registration : 1170

Board of Directors : Mr. Abdullateef Al Aujan (*Chairman*)  
Mr. Salah Mohamed Al Kulaib (*Vice – Chairman*)  
Ms. Afnan Rashid Al Zayani  
Dr. Seena Rahma Jaber  
Mr. Abbas Abdul Mohsen Ahmed Radhi  
Mr. Adel Ahmed Abdulmalik  
Mr. Marwan Khaled Tabbara  
Dr. Marwa Khalid Al Sabbagh

Chief Executive Officer : Mohammed Abdulwahab Nass

Offices : Building 1773, Road 4236, Block 342 PO Box 26787  
Mina Salman, Manama – Kingdom of Bahrain  
Telephone 17729984, Fax 17729 312  
E-Mail: info@bfm.bh

Bankers : Ahli United Bank BSC  
National Bank of Bahrain BSC  
BBK BSC

Auditors : KPMG Fakhro

Shares registrar : Karvy Computershare W.L.L.

**Bahrain Flour Mills Company B.S.C.**

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the nine months ended 30 September 2015**

---

<b>CONTENTS</b>	<b>Page</b>
Independent auditors' report on review of condensed interim financial information	1
<b>Condensed interim financial information</b>	
Condensed statement of financial position	2
Condensed statement of profit or loss	3
Condensed statement of comprehensive income	4
Condensed statement of changes in equity	5 - 6
Condensed statement of cash flows	7
Notes	8 - 11

---



**KPMG Fakhro  
Audit**  
12th Floor  
Fakhro Tower  
PO Box 710, Manama  
Kingdom of Bahrain

CR No. 6220  
Tel +973 17 224807  
Fax +973 17 227443  
Internet www.kpmg.com.bh

1

## **Independent auditors' report on review of condensed interim financial information**

The Board of Directors  
Bahrain Flour Mills Company B.S.C.  
Manama  
Kingdom of Bahrain

4 November 2015

### **Introduction**

We have reviewed the accompanying 30 September 2015 condensed interim financial information of Bahrain Flour Mills Company B.S.C. ("the Company"), which comprises:

- the condensed statement of financial position as at 30 September 2015;
- the condensed statement of profit or loss for the three-month and nine-month periods ended 30 September 2015;
- the condensed statement of comprehensive income for the three-month and nine-month periods ended 30 September 2015;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2015;
- the condensed statement of cash flows for the nine-month period ended 30 September 2015; and
- notes to the condensed interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at 30 September 2015

Bahraini dinars

	<b>30 September 2015 (reviewed)</b>	<b>31 December 2014 (audited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,108,403	2,678,004
Trade and other receivables	1,899,327	3,263,613
Inventory	5,219,738	6,145,570
<b>Total current assets</b>	<b>10,227,468</b>	<b>12,087,187</b>
<b>NON-CURRENT ASSETS</b>		
Available-for-sale investments	6,886,189	7,218,798
Property, plant and equipment	5,402,319	5,877,243
<b>Total non-current assets</b>	<b>12,288,508</b>	<b>13,096,041</b>
<b>TOTAL ASSETS</b>	<b>22,515,976</b>	<b>25,183,228</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	442,867	2,757,370
Import finance loans	3,645,349	3,612,437
<b>Total current liabilities</b>	<b>4,088,216</b>	<b>6,369,807</b>
<b>NON-CURRENT LIABILITIES</b>		
Employees' terminal benefits	70,573	63,847
<b>TOTAL LIABILITIES</b>	<b>4,158,789</b>	<b>6,433,654</b>
<b>EQUITY</b>		
Share capital	2,481,877	2,481,877
Share premium	1,350,000	1,350,000
Statutory reserve	1,241,625	1,241,625
Investment Fair value reserve	5,158,567	5,410,595
Other reserves	3,463,628	3,463,628
Retained earnings	4,661,490	4,801,849
<b>TOTAL EQUITY (page 5)</b>	<b>18,357,187</b>	<b>18,749,574</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,515,976</b>	<b>25,183,228</b>



Abdullateef Al Aujan  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Mohammed Abdulwahab Nass  
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2015.

**CONDENSED STATEMENT OF PROFIT OR LOSS**  
**for the nine months ended 30 September 2015**

Bahraini dinars

	Nine months ended		Three months ended	
	30 September 2015 (reviewed)	30 September 2014 (reviewed)	30 September 2015 (reviewed)	30 September 2014 (reviewed)
Sales	4,429,172	4,555,653	1,276,948	1,335,564
Cost of sales	(11,440,794)	(12,028,344)	(3,476,451)	(3,791,931)
<b>Gross loss before government subsidy</b>	<b>(7,011,622)</b>	<b>(7,472,691)</b>	<b>(2,199,503)</b>	<b>(2,456,367)</b>
Government subsidy	7,795,370	8,354,739	2,301,128	2,651,513
<b>Gross profit</b>	<b>783,748</b>	<b>882,048</b>	<b>101,625</b>	<b>195,146</b>
Other operating expenses	(860,248)	(908,207)	(171,811)	(349,788)
<b>Loss from operations</b>	<b>(76,500)</b>	<b>(26,159)</b>	<b>(70,186)</b>	<b>(154,642)</b>
Investment income	372,997	391,076	85,680	89,181
Other income	79,794	93,578	25,486	42,739
<b>Profit / (loss) for the period</b>	<b>376,291</b>	<b>458,495</b>	<b>40,980</b>	<b>(22,722)</b>
<b>Basic earnings per share (fils), Note 8</b>	<b>15</b>	<b>18</b>	<b>2</b>	<b>(1)</b>



Abdullateef Al Aujan  
Chairman



Salah Mohamed Al Kulaib  
Vice Chairman



Mohammed Abdulwahab Nass  
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 4 November 2015.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the nine months ended 30 September 2015**

Bahraini dinars

	Nine months ended		Three months ended	
	30 September 2015 <i>(reviewed)</i>	30 September 2014 <i>(reviewed)</i>	30 September 2015 <i>(reviewed)</i>	30 September 2014 <i>(reviewed)</i>
<b>Profit / (loss) for the period</b>	<b>376,291</b>	<b>458,495</b>	<b>40,980</b>	<b>(22,722)</b>
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified to profit or loss:</b>				
Change in fair value of available-for-sale investments	(225,125)	396,827	(526,384)	81,330
Transferred to statement of profit or loss on sale of available-for-sale investments	(26,903)	-	-	-
<b>Total other comprehensive income for the period</b>	<b>(252,028)</b>	<b>396,827</b>	<b>(526,384)</b>	<b>81,330</b>
<b>Total comprehensive income for the period</b>	<b>124,263</b>	<b>855,322</b>	<b>(485,404)</b>	<b>58,608</b>

The condensed interim financial information consists of pages 2 to 11.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the nine months ended 30 September 2015

Bahraini dinars

2015 (reviewed)	Share capital	Treasury shares	Share premium	Statutory reserve	Investments fair value reserve	Other reserves	Retained earnings	Total
As at 1 January 2015	2,483,250	(1,373)	1,350,000	1,241,625	5,410,595	3,463,628	4,801,849	18,749,574
<b>Comprehensive income for the period:</b>								
<b>Profit for the period</b>	-	-	-	-	-	-	376,291	376,291
<b>Other comprehensive income:</b>								
<b>Items that are or may be reclassified to profit or loss:</b>								
Change in fair value of available-for-sale investments	-	-	-	-	(225,125)	-	-	(225,125)
Transferred to statement of profit or loss on sale of available-for-sale investments	-	-	-	-	(26,903)	-	-	(26,903)
<b>Total other comprehensive income for the period</b>	-	-	-	-	(252,028)	-	-	(252,028)
<b>Total comprehensive income for the period</b>	-	-	-	-	(252,028)	-	376,291	124,263
Dividend declared for 2014	-	-	-	-	-	-	(496,650)	(496,650)
Charity contribution for 2014	-	-	-	-	-	-	(20,000)	(20,000)
<b>At 30 September 2015</b>	<b>2,483,250</b>	<b>(1,373)</b>	<b>1,350,000</b>	<b>1,241,625</b>	<b>5,158,567</b>	<b>3,463,628</b>	<b>4,661,490</b>	<b>18,357,187</b>

The condensed interim financial information consists of pages 2 to 11.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the nine months ended 30 September 2015

Bahraini dinars

	Share capital	Treasury shares	Share premium	Statutory reserve	Investments fair value reserve	Other reserves	Retained earnings	Total
2014 (reviewed)								
As at 1 January 2014	2,483,250	(1,373)	1,350,000	1,241,625	5,547,971	3,463,628	4,436,032	18,521,133
Comprehensive income for the period:								
Profit for the period	-	-	-	-	-	-	458,495	458,495
Other comprehensive income:								
Items that are or may be reclassified to profit or loss:								
Change in fair value of AFS investments	-	-	-	-	396,827	-	-	396,827
Total other comprehensive income for the period	-	-	-	-	396,827	-	-	396,827
Total comprehensive income for the period	-	-	-	-	396,827	-	458,495	855,322
Dividend declared for 2013	-	-	-	-	-	-	(248,325)	(248,325)
At 30 September 2014	2,483,250	(1,373)	1,350,000	1,241,625	5,944,798	3,463,628	4,646,202	19,128,130

The condensed interim financial information consists of pages 2 to 11.



**CONDENSED STATEMENT OF CASH FLOWS**  
**for the nine months ended 30 September 2015**

Bahraini dinars

	Nine months ended 30 September 2015 (reviewed)	Nine months ended 30 September 2014 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	376,291	458,495
<i>Adjustments:</i>		
Depreciation	519,680	533,731
Profit on sale of property, plant and equipment	(1,994)	-
Investments fair value reserve adjustments	-	(28,291)
Profit on sale of available-for-sale investments	(5,239)	(462)
Write off of new mill land lease	-	78,768
<i>Change in working capital:</i>		
Inventory	925,832	(176,442)
Trade and other receivables	1,364,286	(846,153)
Trade and other payables	(2,330,707)	2,994,663
Employees' terminal benefits	6,726	11,396
<b>Net cash from operating operations</b>	<b>854,875</b>	<b>3,025,705</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(53,466)	(20,069)
Net change in capital work-in-progress	3,703	(102,933)
Proceeds from sale of AFS investments	85,818	6,694
Proceeds from sale of property, plant and equipment	7,000	-
<b>Net cash from / (used in) investing activities</b>	<b>43,055</b>	<b>(116,308)</b>
<b>FINANCING ACTIVITIES</b>		
Import finance loans obtained	10,689,116	7,383,247
Repayment of import finance loans	(10,656,201)	(8,845,685)
Dividends paid	(500,446)	(248,325)
<b>Net cash used in financing activities</b>	<b>(467,531)</b>	<b>(1,710,763)</b>
<b>Net increase in cash and cash equivalents</b>	<b>430,399</b>	<b>1,198,634</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>2,678,004</b>	<b>2,098,577</b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>3,108,403</b>	<b>3,297,211</b>
<b>Comprising:</b>		
Cash on hand	2,303	969
Bank balances	3,106,100	3,296,242
	<b>3,108,403</b>	<b>3,297,211</b>

The condensed interim financial information consists of pages 2 to 11.

**NOTES****to the 30 September 2015 condensed interim financial information****Bahraini dinars**

---

**1 REPORTING ENTITY**

Bahrain Flour Mills Company B.S.C. ("the Company") is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 1170 obtained on 16 July 1970. The Company was incorporated by an Amiri Charter dated 9 May 1970 for a period of 50 years and commenced commercial operations on 1 May 1972.

The principal activities of the Company are the production of flour and related products which are sold in the local market.

**2 BASIS OF PREPARATION**

The condensed interim financial information for the nine months ended 30 September 2015 has been prepared in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*, which permits the condensed interim financial information to be in summarized form. The condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2014.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The condensed interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the latest audited financial statements of the Company for the year ended 31 December 2014, except for the changes arising from adoption of relevant IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2015. The adoption of these standards did not have a significant impact on the condensed interim financial information.

**4** The condensed interim financial information is reviewed, not audited. The corresponding figures for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2014. The corresponding figures for the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information for the nine months ended 30 September 2014.**5 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2014.

**6 SEASONALITY OF OPERATIONS**

Due to the nature of Company's operations, the interim financial results may not represent a proportionate share of the annual results. Investment income includes BD 367,760 (2014: BD 391,076) which arises in first quarter.

**7 JUDGEMENTS AND ESTIMATES**

The preparation of condensed interim financial information requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2014.

---

**NOTES****to the 30 September 2015 condensed interim financial information****Bahraini dinars**

- 8 The earnings per share was calculated on the basis of net profit for the period of BD 376,291 (2014: BD 458,495) divided by the average weighted number of shares issued net of treasury shares for the period ended 30 September 2015 of 24,825,570 shares (2014: 24,825,570 shares). Diluted earnings per share have not been presented as the Company has no instruments convertible into ordinary shares that would dilute earnings per share.
- 9 The appropriations of profit will be made only at the year-end.
- 10 During the period, the Shareholders approved the following appropriations for 2014 in their Annual General Meeting held on 26 March 2015:

	2015	2014
Cash dividends of 20 fils per share (2014: 10 fils per share)	496,650	248,325

The general assembly also approved directors' remuneration of BD 54,442 (2014: BD 9,511).

**11 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and executive management of the Company.

Transactions with entities controlled by directors, or over which they exert significant influence are as per the fixed contract price agreed by the Company, government and those entities. Other related party transactions are conducted on a normal commercial basis.

**a) Transactions and balances with and from related parties**

The related party transactions and balances included in these financial statements are as follows:

	30 September 2015		31 December 2014	30 September 2014
	Receivables	Sales	Receivables	Sales
Common controlled entities	-	-	41,329	32,800
<b>Total</b>	-	-	41,329	32,800

**NOTES**

to the 30 September 2015 condensed interim financial information

Bahraini dinars

**11 RELATED PARTIES (continued)****b) Transactions with key management personnel**

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:-

	Nine months ended 30 September 2015	Nine months ended 30 September 2014
Board remunerations	26,000	9,511
Other board of directors expenses	32,272	47,048
Salaries and other benefits	132,555	141,380

**12 SEGMENTAL INFORMATION**

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company's current activities are primarily the production of flour and related products which are sold in the local market. The revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and other disclosures are provided in these condensed interim financial information.

**13 FAIR VALUE OF FINANCIAL INSTRUMENTS****Fair value hierarchy**

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Except for certain available-for-sale investments carried at cost less impairment of BD 75,000 (2014: BD 75,000), the remaining investments are carried at fair value. The Company's other financial assets and liabilities are short term in nature and hence the carrying value approximates fair value at the reporting date.

**Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- *Level 1* quoted prices (unadjusted) in active markets for identical assets and liabilities.
- *Level 2* inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3* inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**NOTES****to the 30 September 2015 condensed interim financial information****Bahraini dinars****13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

*a) Financial instruments measured at fair value:*

The table below analyses financial instruments, measured at fair value as at the end of the period, by level in the fair value hierarchy into which the fair value measurement is categorized:

2015	Level 1	Level 2	Level 3	Total
<b>Available-for-sale investments:</b>				
Quoted equity shares	6,352,540	-	-	6,352,540
Managed funds	-	458,649	-	458,649
	<b>6,352,540</b>	<b>458,649</b>	<b>-</b>	<b>6,811,189</b>
2014	Level 1	Level 2	Level 3	Total
<b>Available-for-sale investments:</b>				
Quoted equity shares	6,569,178	-	-	6,569,178
Managed funds	-	574,620	-	574,620
	<b>6,569,178</b>	<b>574,620</b>	<b>-</b>	<b>7,143,798</b>

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 30 September 2015.

*b) Other financial assets and liabilities:*

The carrying amount of the Company's other financial assets and liabilities approximate their fair values due to their short term nature.

**14 COMPARATIVES**

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income or equity.