

Bahrain Flour Mills Company B.S.C.

CONDENSED INTERIM FINANCIAL INFORMATION

30 June 2015

Commercial registration : 1170

Board of Directors : Mr. Abdullateef Khalid Al Aujan (*Chairman*)
Mr. Salah Mohamed Al Kulaib
Ms. Afnan Rashid Al Zayani
Dr. Seena Rahma Jaberi
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.

CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2015

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**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

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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

15 July 2015

Introduction

We have reviewed the accompanying 30 June 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 June 2015;
- the condensed statement of profit or loss for the three-month and six-month periods ended 30 June 2015;
- the condensed statement of comprehensive income for the three-month and six-month periods ended 30 June 2015;
- the condensed statement of changes in equity for the six-month period ended 30 June 2015;
- the condensed statement of cash flows for the six-month period ended 30 June 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 June 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

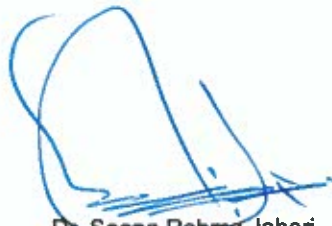
CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

Bahraini dinars

	30 June 2015 (reviewed)	31 December 2014 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,556,761	2,678,004
Trade and other receivables	2,243,850	3,263,613
Inventory	5,236,652	6,145,570
Total current assets	11,037,263	12,087,187
NON-CURRENT ASSETS		
Available-for-sale investments	7,425,807	7,218,798
Property, plant and equipment	5,559,570	5,877,243
Total non-current assets	12,985,377	13,096,041
TOTAL ASSETS	24,022,640	25,183,228
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	506,301	2,757,370
Import finance loans	4,604,889	3,612,437
Total current liabilities	5,111,190	6,369,807
NON-CURRENT LIABILITIES		
Employees' terminal benefits	68,859	63,847
TOTAL LIABILITIES	5,180,049	6,433,654
EQUITY		
Share capital	2,481,877	2,481,877
Share premium	1,350,000	1,350,000
Statutory reserve	1,241,625	1,241,625
Investments fair value reserve	5,684,951	5,410,595
Other reserves	3,463,628	3,463,628
Retained earnings	4,620,510	4,801,849
TOTAL EQUITY (page 5)	18,842,591	18,749,574
TOTAL EQUITY AND LIABILITIES	24,022,640	25,183,228



Abdullateef Khalid Al Aujan
Chairman



Dr. Seena Rahma Jaber
Director



Mohammed Abdulwahab Nass
Chief Executive Officer

CONDENSED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2015

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2015 (reviewed)	30 June 2014 (reviewed)	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Sales	3,152,224	3,220,089	1,666,683	1,669,923
Cost of sales	(7,964,343)	(8,236,622)	(4,011,847)	(4,264,058)
Gross loss before government subsidy	(4,812,119)	(5,016,533)	(2,345,164)	(2,594,135)
Government subsidy	5,494,242	5,703,226	2,675,966	2,931,288
Gross profit	682,123	686,693	330,802	337,153
Other operating expenses (note 14)	(688,437)	(558,210)	(424,147)	(287,189)
(Loss)/ profit from operations	(6,314)	128,483	(93,345)	49,964
Investment income	287,317	301,895	72,833	54,191
Other income	54,308	50,839	36,250	12,444
Profit for the period	335,311	481,217	15,738	116,599

Basic earnings per share (fils), Note 8

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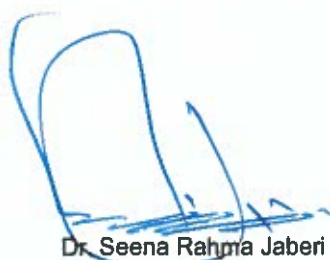
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Abdullateef Khalid Al Aujan
Chairman



Dr. Seena Rahma Jaber
Director



Mohammed Abdulwahab Nass
Chief Executive Officer

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 11 on 15 July 2015.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2015

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2015 <i>(reviewed)</i>	30 June 2014 <i>(reviewed)</i>	30 June 2015 <i>(reviewed)</i>	30 June 2014 <i>(reviewed)</i>
Profit for the period	335,311	481,217	15,738	116,599
Other comprehensive income:				
Items that are or may be reclassified to profit or loss:				
Change in investments fair value	301,259	315,429	135,982	55,438
Transferred to statement of profit or loss on sale of available-for-sale investments	(26,903)	68	(26,903)	-
Total other comprehensive income for the period	274,356	315,497	109,079	55,438
Total comprehensive income for the period	609,667	796,714	124,817	172,037

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015
dinars

Bahraini

2015 (reviewed)	Share capital	Treasury shares	Share premium	Statutory reserve	Investments fair value reserve	Retained earnings	Other reserves	Total
As at 1 January 2015	2,483,250	(1,373)	1,350,000	1,241,625	5,410,595	4,801,849	3,463,628	18,749,574
Comprehensive income for the period: Profit for the period	-	-	-	-	-	335,311	-	335,311
Other comprehensive income: Items that are or may be reclassified to profit or loss:								
Change in fair value of available-for-sale investments	-	-	-	-	301,259	-	-	301,259
Transferred to statement of profit or loss on sale of available-for-sale investments	-	-	-	-	(26,903)	-	-	(26,903)
Total other comprehensive income for the period	-	-	-	-	274,356	-	-	274,356
Total comprehensive income for the period	-	-	-	-	274,356	335,311	-	609,667
Dividend declared for 2014	-	-	-	-	-	(496,650)	-	(496,650)
Charity contribution for 2014	-	-	-	-	-	(20,000)	-	(20,000)
At 30 June 2015	2,483,250	(1,373)	1,350,000	1,241,625	5,684,951	4,620,510	3,463,628	18,842,591

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

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015

Bahraini dinars

2014 (reviewed)	Share capital	Treasury shares	Share premium	Statutory reserve	Investments fair value reserve	Retained earnings	Other reserves	Total
As at 1 January 2014	2,483,250	(1,373)	1,350,000	1,241,625	5,547,971	4,436,032	3,463,628	18,521,133
Comprehensive income for the period: Profit for the period	-	-	-	-	-	481,217	-	481,217
Other comprehensive income: Items that are or may be reclassified to profit or loss: Change in fair value of available-for-sale investments Transferred to statement of profit or loss on sale of available-for-sale investments	-	-	-	-	315,429	-	-	315,429
	-	-	-	-	68	-	-	68
Total other comprehensive income for the period	-	-	-	-	315,497	-	-	315,497
Total comprehensive income for the period	-	-	-	-	315,497	481,217	-	796,714
Dividend declared for 2013	-	-	-	-	-	(248,325)	-	(248,325)
At 30 June 2014	2,483,250	(1,373)	1,350,000	1,241,625	5,863,468	4,668,924	3,463,628	19,069,522

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

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2015

Bahraini dinars

	6 months ended 30 June 2015 (reviewed)	6 months ended 30 June 2014 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	335,311	481,217
<i>Adjustments:</i>		
Depreciation	346,693	356,515
Investment fair value reserve adjustment	-	(13,754)
Profit on sale of available-for-sale investments	(8,342)	-
<i>Change in working capital:</i>		
Inventory	908,918	(405,636)
Trade and other receivables	1,019,763	(2,938,066)
Trade and other payables	(2,298,575)	3,419,044
Employees' terminal benefits	5,012	6,640
Net cash from operating operations	308,780	905,960
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,723)	(95,681)
Net change on capital work-in-progress	3,703	(33,710)
Proceeds from sale of available-for-sale investments	75,689	6,694
Net cash from/ (used in) investing activities	46,669	(122,697)
FINANCING ACTIVITIES		
Import finance loans obtained	7,950,999	3,980,993
Repayment of import finance loans	(6,958,547)	(5,719,089)
Dividends paid	(469,144)	(248,325)
Net cash from/ (used in) financing activities	523,308	(1,986,421)
Net increase/ (decrease) in cash flows during the period	878,757	(1,203,158)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,678,004	2,098,577
CASH AND CASH EQUIVALENTS AT 30 JUNE	3,556,761	895,419
Comprising:		
Cash on hand	2,331	2,265
Bank balances	3,554,430	893,154
	3,556,761	895,419

NOTES**to the 30 June 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 six months ended 30 June 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 six months ended 30 June 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.

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 June 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 335,311 (2014: BD 481,217) divided by the average weighted number of shares issued net of treasury shares for the period ended 30 June 2015 of 24,825,570 shares (2014: 24,825,570 shares).
- 9 The appropriations of reserves if any, will be made only at the year-end.
- 10 During the period, the Shareholders approved the following appropriations 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 June 2015		31 December 2014	30 June 2014
	Receivables	Sales	Receivables	Sales
Common controlled entities	-	-	41,329	63,639
Total	-	-	41,329	63,639

NOTES

to the 30 June 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:-

	6 months ended 30 June 2015	6 months ended 30 June 2014
Board remunerations	26,000	9,511
Other board expenses	25,657	34,412
Salaries and other benefits	91,115	96,556

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 financial statements.

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 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.

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to the 30 June 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
Available-for-sale investments:				
Quoted equity shares	6,803,582	-	-	6,803,582
Managed funds	-	547,225	-	547,225
	6,803,582	547,225	-	7,350,807

2014

	Level 1	Level 2	Level 3	Total
Available-for-sale investments:				
Quoted equity shares	6,569,178	-	-	6,569,178
Managed funds	-	574,620	-	574,620
	6,569,178	574,620	-	7,143,798

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 30 June 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 Operating expenses include additional staff cost of BD 154,964 related to early retirement program.

15 COMPARATIVES

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.